

THE CHANGING RETAIL STRUCTURE OF SAULT STE. MARIE, ONTARIO
1901 - 1971

ROBERT G. EWING

Ph.D.

UNIVERSITY OF EDINBURGH

1973



PREFACE

Retailing is an integral part of the fabric of a nation's economic life. It is the means by which the products of industry are made available to the consumer at places and times, in quantities and types which are required for efficient consumption. Retailing ranks third only to manufacturing and service occupations as an employer of labour in Canada. In 1971, the value of retail trade amounted to \$30,646,000,000 or over \$1,400 per capita. At the time of the 1966 Census, there were over 135,000 retail establishments in Canada.

The aim of this study is to investigate the changes in retail structure and location that have taken place in the city of Sault Ste. Marie, Ontario, Canada, between 1901 and 1971. During this period, the city's population has grown from 7,169 to 78,175 and far-reaching social, economic and technological changes have taken place in Canada. The complex of local factors which influence retail patterns will be viewed against the background of these national changes. Structural and locational changes resulting from all these factors will be related to current theoretical approaches. Though Sault Ste. Marie is the core of this study, its retail patterns will be compared with those evident on a national scale and on the scale of a selected group of Ontario cities in a similar size range.

Chapters I to III concentrate on the character of Sault Ste. Marie - the evolution of its urban land use and the nature of its population. Chapters IV to VI analyse the effects of social, economic and political factors on retailing at the national and local scales and Chapter VII

examines the impact of these on the structure of retailing. Chapters VIII to XI discuss the changes in the number and location of major business types and the evolution of business centres in Sault Ste. Marie between 1901 and 1971.

Data sources for this type of study are not extensive in Canada. Only a few studies of aspects of retailing in Canadian cities have been undertaken; these are referred to in the text. Fortunately, extensive data have been collected since 1931 as part of the decennial Censuses and as part of specialised studies, especially since 1955. However, retail data for smaller cities such as Sault Ste. Marie are often fragmentary; for example, sales totals for small store groups are usually unavailable in order to prevent disclosure of individual operations. Detailed social area analysis in relation to retailing facilities is not possible, for census tract data do not exist for cities of the scale of Sault Ste. Marie. Another major source of data for Sault Ste. Marie are the annual city directories which have been published since 1901 and which provided much of the data for Chapters VIII to XI. Finally, this study has utilised local sources of data such as those available from the Sault Ste. Marie and Area Planning Board; generally, these sources cover no more than the past ten years.

In the completion of this study, I am particularly indebted to Professor J.W. Watson's wise encouragement and interest in it. Civic officials and businessmen in Sault Ste. Marie freely gave me their advice and opinion; I am grateful to Mr. John Bain, Planning Director, for his especial assistance. Mrs. H. Haldane and Mrs. T. Henderson deserve my thanks for their diligent typewriting, and my wife, Doris, for her efforts in proof-reading. Plates 1:2, 1:3, 1:4, 1:5 and 2:5 are courtesy the Sault Ste. Marie and Area Planning Board and Plates 1:1, 2:1, 2:2 and 11:3 are courtesy the Sault Daily Star Ltd.

Finally, I appreciate the generosity of the Board of Governors of Algoma College, Sault Ste. Marie, in providing me with a year's leave of absence in order to complete this study.

Its faults are my own.

I certify that this thesis has been composed by myself and that the work is my own.

Robert Eving

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ABSTRACT

This study is an empirical examination of the changes in the location and structure of retail businesses in Sault Ste. Marie, Ontario, Canada between 1901 and 1971. Local changes are related throughout to those occurring at the national scale and at the scale of a selected group of Ontario cities of similar size.

The site and situation of the city are discussed in relation to the growth of the urban area and to the present street and land use patterns. The characteristics of the consumer market are analysed, with particular emphasis on population and areal growth, on changes in population density and on the ethnic origin, occupational and age structure and the socio-economic distribution of the population. The role of the consumer market is discussed; its characteristics, together with changes in consumption patterns and an increase in consumer mobility, are shown to influence the number, size and type of retail businesses and their trade areas. Changes in the consumer market facilitate changes in the operation of the individual firm; technological and organisational innovations leading to more efficient use of labour, proximity to complementary outlets and non-spatial forms of competition are considered. Public policy, operating through zoning control, urban renewal and improvements in road and parking facilities, is also shown to have potential effects on the consumer market and on the individual business centres.

The analysis of the role of the consumer market, the operation of the individual firm and public policy in initiating changes in the location and structure of retail businesses, is followed by a review of national trends in retailing and by a detailed examination of the patterns of growth and decline, and the changes in location of, the

major categories of retail business in Sault Ste. Marie between 1901 and 1971. A hierarchy of business centres is proposed and the evolution of individual centres at all levels of the hierarchy is analysed in the light of causative factors. Certain types of retail conformation are shown to lie outside the hierarchical model.

This study compares the patterns of retailing evident in Sault Ste. Marie with those implicit in central place theory and concludes that the increased size of the consumer market, changes in the organisation and technology of the individual firm and the increase in consumer mobility, have created within cities a pattern of retailing which, in many ways, is at variance with that derived from central place theory. A new form of retail system is emerging within cities; locational specialisation, exemplified by the planned shopping centre, the urban arterial zone and the isolated, generative store location is tending to replace the central place hierarchy with its nested trade areas.

Chapter I

THE SITE AND SITUATION OF SAULT STE.MARIE

Though the aim of this study is to examine the changing patterns of retailing in Sault Ste.Marie since 1901, some examination of the urban system of which retailing is a part is relevant. Retailing is an important part of the commercial structure of cities and its growth is inseparable from the general growth of the urban system; location of its facilities will be influenced by the form which this growth has taken as reflected in the distribution of land uses and in the areal spread of the city. As the growth and morphology of an urban centre are related to the utilisation of its site and situation, this study begins by describing these for Sault Ste.Marie.

THE SITUATION OF THE CITY

Physical elements have been most influential in the rise of the city and amongst these the most significant is the St.Mary's River Rapids. (Figure 1:1 and Plate 1:1). The river falls approximately twenty feet between the elevations of 600 feet in Whitefish Bay at the eastern end of Lake Superior and 579 feet in the lower St.Mary's River. The rapids are caused by an outcrop of Cambrian sandstone. Though representing a natural obstacle in the past, they have been transformed into a valuable natural asset and have strongly influenced the location of settlement, and the spatial growth and development of industry in the immediate area.

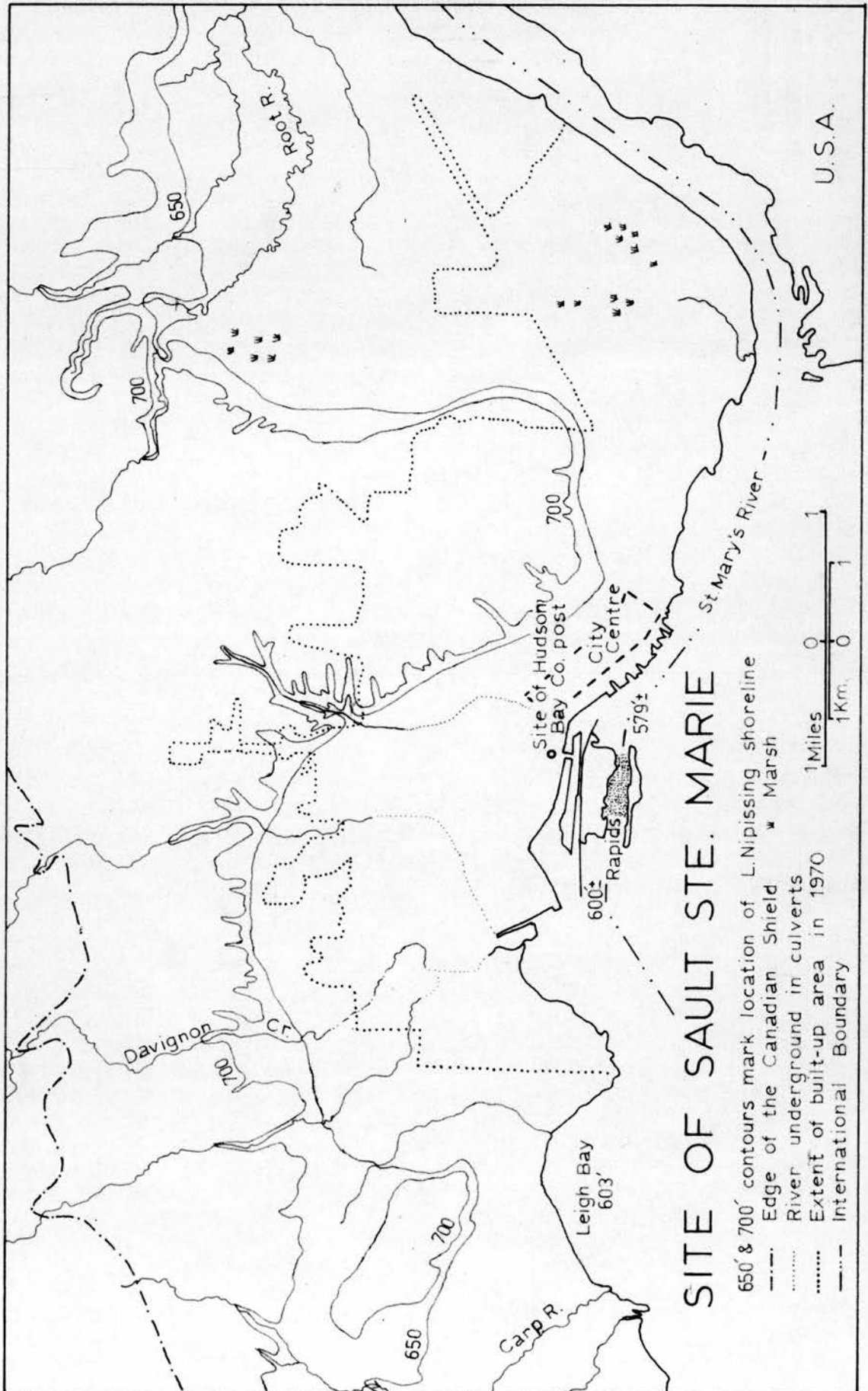


Figure 1:1



Plate 1:1

Aerial view of Sault Ste. Marie looking westward.

In this view the St. Mary's River, American and Canadian locks and International Road Bridge are visible to the left. In the upper right is the Algoma Steel Corporation plant.

In 1622, the French explorers, Etienne Brule and Grenoble, discovered the rapids, which they called the "Sault", and at this location, in 1634, 1641 and 1689 were established a number of short-lived missions to the Ojibway Indians who congregated at the rapids to fish for whitefish. In 1751, the French built a military post at the rapids. In 1782-1783, the North West Company established a fur-trading post at this important portage on the canoe route to the west, and in 1797, constructed a small lock for the conveyance of canoes around the rapids. The first extant survey map¹, dated 1797, by Theodore de Pencier shows this lock, a store house and sawmill along with a carriage and drag road around the rapids. Though this post and lock were destroyed in the war of 1812 by American forces, the post was re-established on the same site by the Hudson's Bay Company. The original lock was 38 feet long, 8 feet 9 inches wide and had a lift of 9 feet. The first lock designed to accommodate the growing traffic on the Great Lakes was constructed on the United States side of the river in 1855 and since that time, lock facilities have been continually expanded. At present, five locks exist; there are four American locks and one Canadian lock which was built between 1888 and 1895 (Plate 1:2). The significance of these locks is illustrated by the lock tonnages for 1969 (Table 1:1).

TABLE 1:1

TONNAGE PASSING THROUGH SAULT STE. MARIE LOCKS 1969

Sault Ste. Marie Locks	Upbound (tons)	Downbound	Total
Canada	423,644	576,168	999,812
United States	9,734,294	87,344,852	97,079,146
<u>Total</u>	10,157,938	87,921,020	98,078,958

Source: Canada, D.B.S., Canada Year Book 1970-71, CS 11-202, (Ottawa, 1971) Table 12, p.929.

1 Plan of the Falls of St. Mary between Lake Huron and Lake Superior: Surveyed by Order of the North West Company by Theodore de Pencier 1797. Public Archives of Canada, Ottawa.

The economic potential resulting from the transit of people and goods on and across the river has been translated into increasing commercial and industrial activity; the chief industries are keyed to water transportation (Plate 1:2). Algoma Steel Corporation obtains its requirements of coal and limestone and part of its ore requirements by lake vessel. Small quantities of steel products are shipped to market by water transport. Though local forest industries obtain most of their timber and pulp logs by road or rail transport, flotation of pulpwood from the north shore of Lake Superior to Abitibi Pulp and Paper Company continued till the early 1960s. Fuel oil and petroleum products for local use are also imported primarily by water. Consequently, Sault Ste. Marie has become one of Ontario's major ports and the continuing importance of the waterway is shown by the figures for port traffic (Table 1:2). It should be noted that much of the traffic to Sault Ste. Marie from the lower Lakes makes use of the American, rather than Canadian locks, as the 20 foot draft of the Canadian lock is insufficient to accommodate most present-day bulk freighters.

The St. Mary's River acts as a major link between the United States and Canada as no other crossing point exists between the Sarnia - Port Huron crossing on the St. Clair River, and the Duluth - Thunder Bay crossing at the western end of Lake Superior - a total road distance of over 800 miles. (Figure 1:2). The significance of the St. Mary's River narrows was recognised in the construction of the International Rail Bridge in 1887 linking the Canadian Pacific Railway with the American rail network. In fact, a route connecting Sudbury with Minneapolis - St. Paul and then Winnipeg, via Sault Ste. Marie, was suggested in the 1880s as an alternative to the construction of the costly line through the Canadian Shield north of Lake Superior. The latter route was chosen, of course, in response to political rather than economic considerations.



Plate 1:2

The significance of a River location to Sault Ste. Marie. The location of industrial plants and the existence of lock systems, road and rail bridges and power installations illustrate the key role of the river and rapids in the growth of Sault Ste. Marie.

TABLE 1:2

CARGOES HANDLED AT SAULT STE. MARIE 1970

Selected Commodities	Loaded	(Tons)		Total	Loaded (International Shipping)	(Tons)		Total
		(Coastwise Shipping) ^a				Unloaded (International Shipping) ^b		
Iron Ore		1,508,117		1,508,117		380,382		380,382
Coal		27,000		27,000				
Gasoline		113,911		113,911				
Fuel Oil		288,007		288,007				
Coke	66,895			66,895				
Iron and Steel Products	157,014		222	157,236	129,526	1,534		131,060
Iron and Steel Scrap					61,288			61,288
Coal						2,322,370		2,322,370
Dolomite and Limestone						516,696		516,696
<u>Port total</u>	258,858	1,986,917		2,245,775	267,579	3,239,891		3,507,470

^a Canada, D.B.S., Shipping Report: Part 3 Coastwise Shipping, D.B.S. 54-204, (Ottawa, 1970) Table 11 pp.50-51.

^b Canada, D.B.S., Shipping Report: Part 2 International Shipping, D.B.S. 54-203, (Ottawa, 1970) Table 6 p.34.

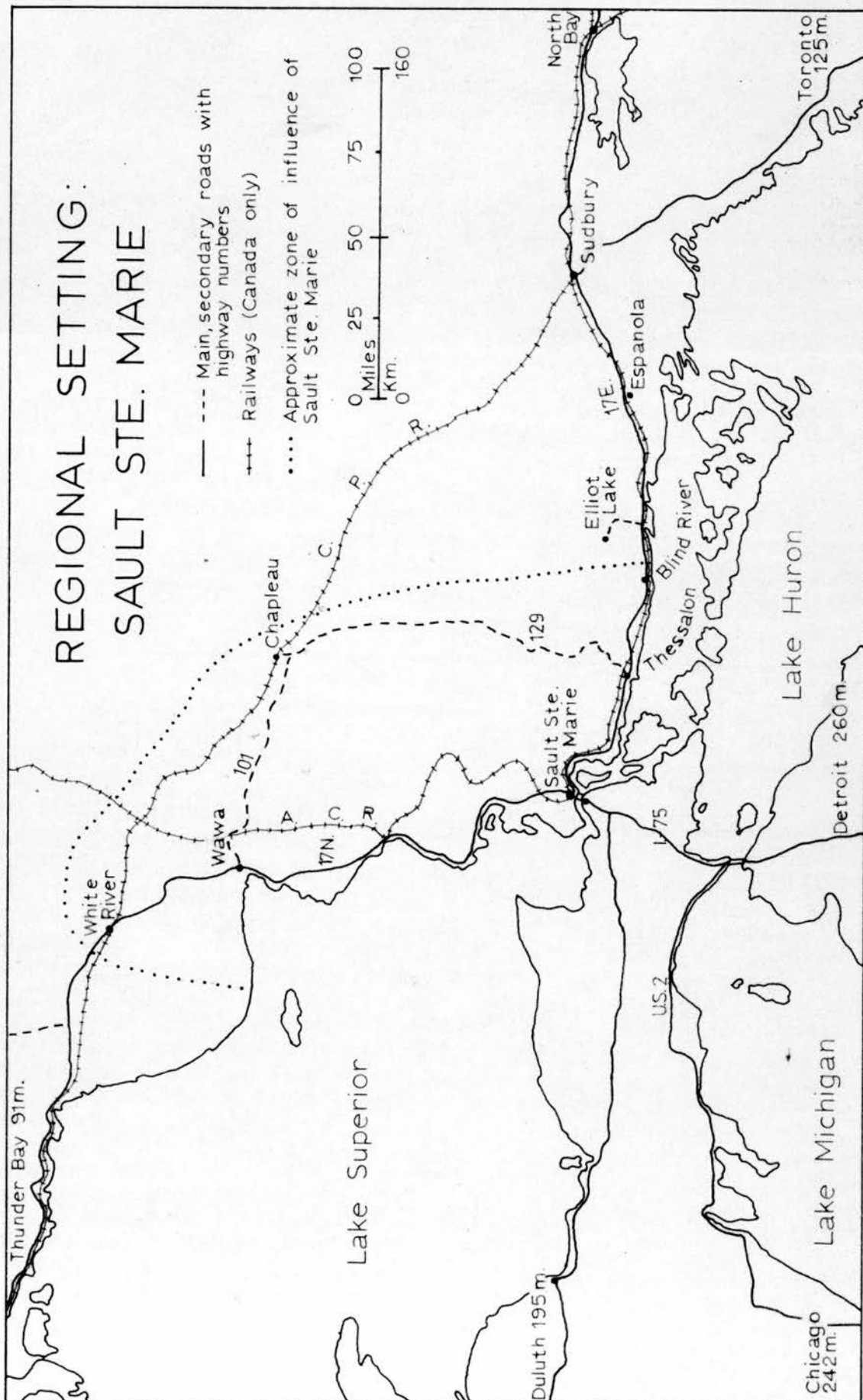


Figure 1:2

Pedestrian and vehicular traffic was conveyed across the river by ferry until 1962 when the International Bridge was completed (Plates 1:1 and 1:2). The number of vehicular crossings increased from 200,000 annually in 1950 to 440,000 in 1962; thereafter, it rose to 685,000 in 1963 and to 760,000 in 1970.²

The river, reinforced by its being an international boundary, also acts as a divisive element. The development of Sault Ste. Marie, Ontario, and Sault Ste. Marie, Michigan, has taken place independently. Though the Michigan city developed earlier than its Canadian counterpart on the basis of its military post and lock construction starting in 1855, it has since been unable to maintain an industrial base despite its favourable river location. Perhaps its highly peripheral location in the United States accounts for this. At the present time, Sault Ste. Marie, Michigan, has a population of only 14,000 and is heavily dependent on military expenditures, the local State College and the summer tourist trade. In contrast, Sault Ste. Marie, Ontario, has a strong industrial base and the economies of the two cities are in no way interdependent. Similarly, the retail structures of the two cities are independent. For merchants on the Canadian side, the existence of alternative, and possibly competing, retail facilities in the United States has posed no threat, and the existence of an additional consumer market there, no advantage. Several factors can explain this. Both United States and Canadian Customs impose restrictions on the duty-free import of purchases based on the length of stay of the purchaser; further, any exemptions from duty can only be exercised at infrequent intervals, such as every three months. The cost of a stay in the other country and of the bridge crossing, means that shopping will only be done as an adjunct to trips with another purpose, such as travel. Further, except for the late

2 Data obtained from International Bridge Authority, Sault Ste. Marie.

1950s and since early 1972, the Canadian Dollar has been discounted in terms of the United States Dollar; any price advantage the Canadian shopper may enjoy when shopping in the United States is cancelled out. American retail firms do not advertise in the Canadian newspaper, and only advertise on the Canadian television and radio stations to reach customers on their own side of the border. Exceptions to this general rule occur in the case of restaurants and bars, and entertainment and sports events. It may be taken, then, for the purpose of this study that there is no integration of retail facilities and markets between the two cities; only tourist expenditures in Canadian stores will be of non-local origin.

The potential of the St. Mary's Rapids as a source of water-power was recognised by the construction of a power station in 1894 and by its expansion in 1899. While the total power development is small (21,520 kw capacity), it was a key factor in the establishment of the groundwood pulp mill in 1894 and the sulphite pulp mill in 1899.

While the river and the rapids have been physical elements of major importance to the growth of the city, the hinterland to the north of the river is also of significance. This hinterland can be divided into two sections: the discontinuous lowland extending east towards Sudbury and known as the Algonquin - Nipissing Lowland, and the rugged Canadian Shield further north.

The Algonquin - Nipissing Lowland. The underlying materials of this lowland are Palaeozoic sediments of the Cambrian period, such as the shale and sandstone exposed at the rapids and used as building stone for some of the earlier public buildings. The general elevation of the lowland, which has a width of 3 to 6 miles in the vicinity of the city, increases from approximately 600 feet along the river to 900 feet at the base of the Canadian Shield. The overlying materials are deposits of

clays, sands and gravels associated with lake bottoms and beachlines of the Algonquin and Nipissing stages of the Great Lakes. There are three of these beach lines: the Upper Algonquin between 900 feet and 950 feet, the Lower Algonquin between 750 feet and 800 feet and the Lake Nipissing shoreline between 650 feet and 700 feet. The Algonquin beaches are marked by extensive sand and gravel deposits, partly deltaic in origin. These beaches, though significant in the morphology of other Great Lakes settlements such as Toronto and Hamilton, are not significant here because they lie north of the presently built-up area of the city. The Lake Nipissing shoreline is of singular importance, however (Figure 1:1 and Plate 1:3). It is carved from lacustrine clays and is marked by a steep-sided bluff about 50 feet high (locally known as "The Hill") which varies from one-half a mile to over two miles from the river. The slope of this bluff is extensively treed and in some places is dissected by deep, narrow ravines which extend back one-half a mile or more. This bluff has been a significant factor in determining the directions of the city's expansion, and in defining its street network and related traffic flows. In certain locations, a site above the bluff has become a preferred residential location as it provides an excellent view and yet is close to the heart of the city (Figure 3:10). The ravines, of course, impede road construction; their possibilities for recreation have not yet been fully developed though they drive green wedges into residential areas above the bluff.

Part of the lowland has been cleared for agriculture which provides a portion of the local requirements of fluid milk and eggs.

The Canadian Shield. To the north, the sands and gravels merge into the Pre-Cambrian rocks of the Canadian Shield which, in places, is marked by a prominent fault scarp. Resource possibilities of the Shield are



Plate 1:3

Vertical Air photograph of the City Centre of Sault Ste. Marie. The Lake Nipissing shoreline is marked by woodland; between it and the St. Mary's River are the Canadian Pacific Railway yards, the City Centre and the industry and storage facilities of the waterfront.

considerable, providing as it does recreational land for local people and for tourists, a source of pulp logs and saw timber, of minerals and of hydro-electric power for industrial and domestic use. The chief resource is undoubtedly the iron ore deposits at Wawa, 138 miles to the north, which supply part of the needs of Algoma Steel; the discovery of hematite there in 1898 was a key factor in the decision to build Ontario's first steel mill at Sault Ste. Marie.

The Shield and, indeed, the Algonquin - Nipissing Lowland as well, are only thinly populated; hence, the growth of Sault Ste. Marie as a regional centre has been influenced by isolation from competing population centres. Sault Ste. Marie, Michigan, has a population of 14,000 which represents a decline in the 1960s. On the Canadian side, the Thunder Bay conurbation, 438 miles to the west and Sudbury, 189 miles to the east are the closest urban centres of comparable or greater population (Figure 1:2). Intervening settlements are small, generally under 5,000 population, and are tied either to agriculture and related activities or to the sites of specific raw materials such as iron ore, uranium and forest products. The study of retailing in Sault Ste. Marie is, therefore unencumbered by the presence of nearby equivalent or higher order centres.

THE SITE AND ITS UTILISATION

As has been suggested, the broad pattern of location, growth and development of the city has been initiated by the location of the city at a focal point on the Great Lakes, and by the economic possibilities created by a varied hinterland. The local site characteristics, on the other hand, determine the morphology of the city - the location and form of the functional zones and the road and rail net - and hence, are significant factors in the location of retail areas within the city. In addition, cultural factors

such as the survey patterns, which are, in part, independent of site characteristics need to be considered.

In the discussion on the situation of the city, it was inevitable that certain site characteristics should be referred to. It is only necessary, therefore, to isolate these and to suggest in the following section the role of each in the utilisation of the site. Of prime importance is the riverfront which has controlled the orientation of the city and has provided focal points for its economic development in the form of transport facilities and power generation. Inland, land is gently sloping and suitable for industrial and residential expansion both in the east and in the west. Only in between, near the centre of the city, does the Lake Nipissing shoreline approach closely enough to the riverfront to be a major controlling influence on urban form. The combination of lake or riverfront, glacial lake plain and shoreline has helped shape the form of cities other than Sault Ste. Marie - cities such as Toronto, Hamilton and Thunder Bay.

The period of urban evolution may be said to have begun in the middle of the nineteenth century; the frontier period prior to 1845 did not give rise to buildings other than those associated with the military and trading function of the rapids location. Only two such buildings survive: the Hudson's Bay Company blockhouse on Abitibi Pulp and Paper Company property near the rapids and the house built by the furtrader, Charles Ermatinger, in 1814. This house, known as the Old Stone House and located on Queen Street East near Pim Street is now preserved as an historic site (Plate 10:10).

The first survey was undertaken by Theodore de Pencier for the North West Company in 1797. The resultant map shows six lots laid out at right angles to the shoreline east of the rapids, and indicates the location of the company store, sawmill and canoe lock and the portage

and carriage road. No trace of this survey survives in the present street pattern, though the Hudson's Bay Company, successor to the North West Company, retained by Order of Council in 1854 a long lot two miles long and three-quarters of a mile wide (approximately 1,000 acres) inland from the post. This, in its later subdivision as the Stewart Survey, strongly influenced the city street pattern.

The first survey with lasting effects was undertaken in 1846 by Alexander Vidal on instructions from the Crown Lands Department³ even though the land was not officially ceded to the Crown by the Indians until 1851. On the resultant map⁴, the extent of settlement at that time is shown and two survey patterns are evident. No street names are included, though a copy of Vidal's map made by Thomas Colton in 1855 does include them.⁵

The Town Plot (Figure 1:3). The Town Plot was bounded by East and West Streets, by Cathcart and Wellington Streets to the north and by Bay and Portage Streets to the south. Bay Street was, at that time, merely a path along the river's edge. Streets were surveyed in a grid pattern, with the main streets parallel to the shoreline which changed direction from east-west to northwest-southeast near the mouth of the Fort Creek. The Gore Street - Andrew Street wedge results from this change of orientation. The approach of the Lake Nipissing shoreline to within half a mile of the shore restricted the width of the town plot to three blocks. No topographic barriers of significance exist south of the old shoreline where the land rises only forty feet from the St. Mary's River shore (Plate 1:3).

3 All land in Ontario is vested in the Crown, that is in the Provincial Government of Ontario. Land being opened for settlement was thus surveyed and sold by the Crown Lands Department, now part of the Department of Lands and Forests.

4 Plan of the Park Lots Adjoining the Town of St. Mary's. Surveyed and drawn by Alex. Vidal, P.L.S. under instructions from the Crown Lands Department dated 19th June, 1846. Public Archives of Canada, Ottawa.

5 J.H. Colton, Plan of the Town of Saut de Ste. Marie, Canada West, 1855. Public Archives of Canada, Ottawa.

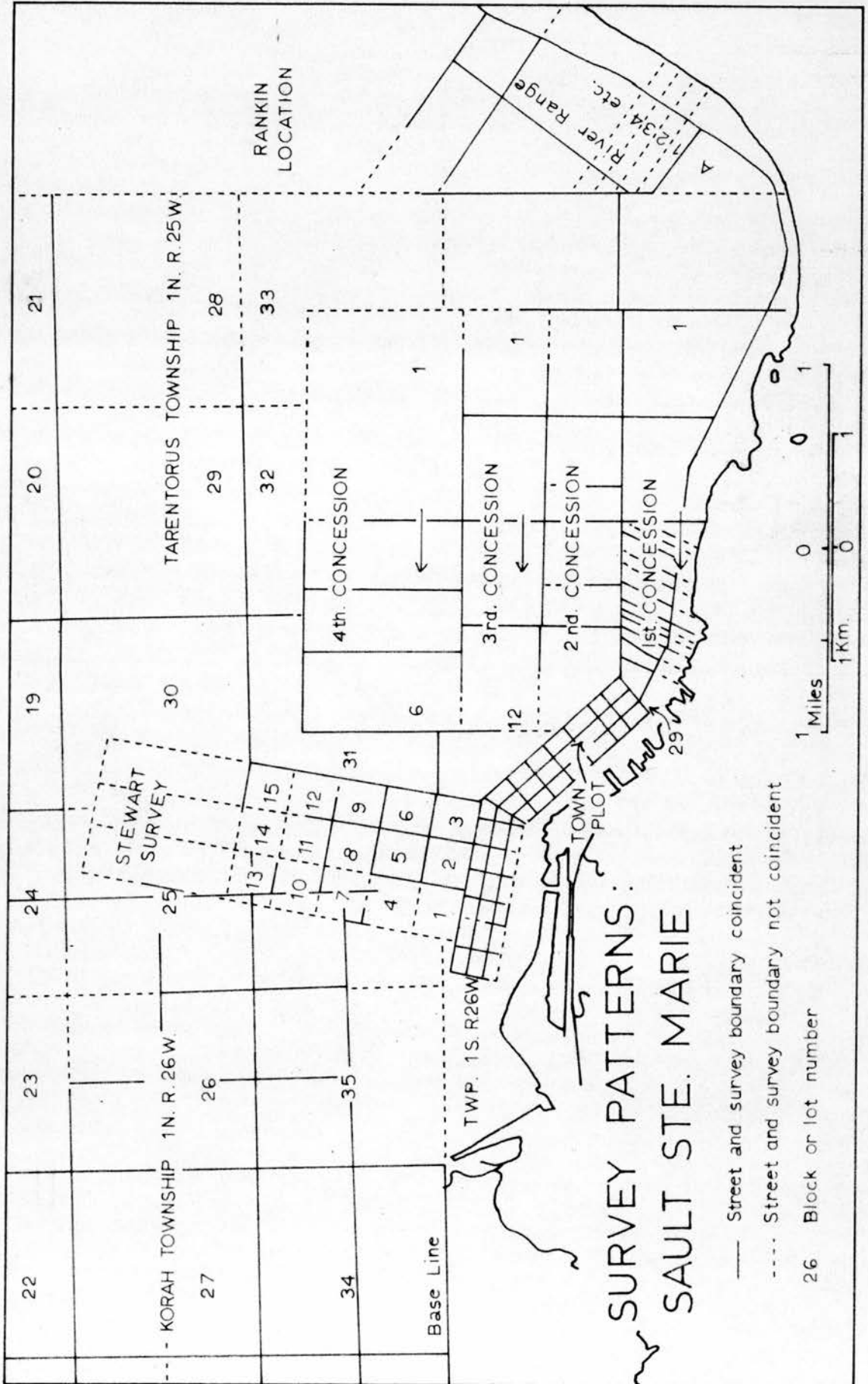


Figure 1:3

The Concessions (Figure 1:3). Between 1829 and 1851, the 2,400-acre block system of survey was common in Ontario; township blocks were two concessions deep and six lots wide, each lot being 200 acres. Concessions I, II and III vary from this norm, though Concession IV conforms exactly.

TABLE 1:3

CHARACTERISTICS OF CONCESSION SURVEY

	Area (Acres)	Number of Lots	Size of Lots (Acres)
Concession I	636.9	29	1.9 - 99.0
Concession II	568.7	12	(10 lots - 50.0 (1 lot - 44.5 (1 lot - 23.2
Concession III	600	12	50
Concession IV	1,200	6	200

1. First Concession: East of East Street, the St. Mary's River shoreline changes direction to approximately east-west. The eastward continuation of Queen Street changes direction at East Street, Church Street and beyond Pine Street; these changes can be seen in Plate 1:1. However, Wellington Street to the east is laid out astronomically east; this street is the baseline for the Second Concession. All lots west of Pine Street are long and narrow, extending the full depth of the Concession, and vary considerably in size. The present streets are strongly controlled by these lot divisions; many intersect with main roads at oblique angles, widths between streets vary, some streets are very narrow and some do not extend the full depth of the Concession. In contrast, the lot divisions east of Pine Street are oriented north-south and present streets approximate more to a grid pattern (Figure 1:3).

2. Second, Third and Fourth Concessions (Figure 1:3): These Concessions were surveyed with east-west north-south orientations, astronomically correct. The Concession boundaries and lot lines are represented in present-day street patterns; the east-west by Wellington, Macdonald and McNabb Streets and Northern Avenue, the north-south by Wilson, Pim, Pine and Lake Streets and Shannon Road (Plate 1:4). Wilson Street has never been completed south to link up with Wellington Street in the Town Plot because of the constraint exercised by the Lake Nipissing shoreline and by the construction of the Canadian Pacific Railway line in 1887. McNabb Street was extended westward beyond the Concession boundary only in 1971 to link up with residential areas to the west and thus improve cross-city traffic flows. Residential development moved into these Concessions, for the first time in the immediate post-war period, and the layout of the residential streets reflects the Concession lot boundaries. In the Second Concession, few of the north-south streets are completed owing to the Lake Nipissing shoreline, while the regular street pattern is interrupted by streets, such as Ontario Avenue, which wander along the base of the shoreline.

The map of 1846 shows only scattered houses, essentially in the eastern part of the Town Plot and on the river lots of the First Concession. The first dock for large vessels was completed in 1849 at the foot of Spring Street and by 1900, docks extended from Bruce Street to Pim Street; settlement initially congregated in the vicinity of these docks and on the larger river lots of the First Concession which offered agricultural possibilities. The Hudson's Bay Company Post at the rapids, a mile to the west, did not encourage dock and settlement development because the land at the mouth of the Fork Creek was low-lying and swampy and because the water offshore was shallow (Figure 1:1). Settlement eventually spread along the trail westward to the Post.



Plate 1:4

Vertical Air photograph of the north-east of
Sault Ste. Marie.

The influence of the concession surveys can be seen here. Wellington Street East, Macdonald Avenue and McNabb Street run east-west, while Pine and Lake Streets run north south. The effect of the river lots on the street pattern is evident in the lower left-hand corner.

Township Surveys (Figure 1:3): In 1859, the lands north and east of Sault Ste. Marie were surveyed by the Crown Lands Department.⁶ No regard was paid to topographic irregularities in laying out these townships and those adjacent to the city continue without interruption onto the fringe of the Shield. The system of thirty-six square mile townships was used though the 1,000 acre section plan had been adopted for Crown surveys in Ontario in 1850. The baseline for the survey was laid out along N87°57'E and, consequently, adjustments are required to correct the mismatch between this survey and the earlier Concession survey. One such occurs at the intersection of Highway 17 North and Northern Avenue. Three townships are important in the Sault Ste. Marie urban area: No. 1N R26W (Korah), No. 1N 25W (Tarentorus) and No. 1S R25W (Awenge). In addition, the south-eastern sections of Tarentorus were reserved as mineral locations and Reserves for the Batchewana and Garden River Indian Bands - this area is known as the Rankin Location.

1. Korah Township. Proximity to industrial sites encouraged residential development in Korah Township early in this century, though the main thrust did not begin until the 1950s in the south-eastern sections. Major streets such as Wallace Terrace, Goulais Avenue, Second Line and Farwell Terrace follow boundaries between quarter sections and most of the residential streets are laid out in a grid pattern (Plate 1:5). Only in the latest subdivisions on the north-west fringe of the urban area do curving streets occur. Korah Township was amalgamated with the city in 1966.

2. Tarentorus Township. A small enclave of the township, part of Section 31, became part of the city proper in 1912. As with Korah Township, though residential development had occurred in the 1950s, it was not until 1962 that the township's population surpassed that of Korah.

6 Township of Tarentorus, surveyed 1859 by Albert Pellew Salter, P.L.S., Chatham, Ontario. Copy in Public Library, Sault Ste. Marie.



Plate 1:5

Vertical Air Photograph of the west of Sault Ste. Marie. The grid system of roads in this area results from the township survey pattern. Only Korah Road is independent of the survey system. West Street in the Town Plot is in the bottom right-hand corner. The photograph also illustrates the juxtaposition of industrial and residential land use in the west of the city.

This development occurred in the Fourth Concession which, administratively, was included in the township. Tarentorus was also amalgamated with the city in 1966.

3. Awenge Township. Awenge is utilised primarily for industrial purposes and for shorefront cottage lots to the west. Leigh's Bay is planned as the site for a new deep-sea harbour. Awenge was also amalgamated with the city in 1966.

4. The Rankin Location (Figure 1:3). A portion of the land reserved as a mineral location and Indian land was subdivided in 1892.⁷ Land promoters hoped to sell waterfront property to industrialists and there were grandiose plans for dock facilities and railway spur lines to serve the industrial developments which never materialised; the land was divided into twenty-four long lots which were perpendicular to the river, this land being known as the River Range. Residential development did not begin until the latter half of the 1960s as much of the land was low-lying and marshy. The long narrow lots are clearly reflected in the street pattern today.

The Stewart Survey (Figure 1:3). The Hudson's Bay Company land was subdivided in 1885. The southern twelve lots became the "New Settlement", later incorporated as the town of Steelton in 1904 and amalgamated with the city in 1918; the northern twelve lots became part of the township of Korah. North Street marks the eastern boundary of this survey; the western boundary is marked by two short street sections only. The divisions of this Survey into twenty-four lots of approximately forty acres each has strongly determined the street pattern - for example, in the cases of John and Hudson Streets and the short cross streets of Bloor Street, Conmee and St. George's Avenues. A small portion of the Stewart Survey can be seen on Plate 1:2.

7 Alexander and Cable Ltd., Map of Purtoerah adjoining Sault Ste. Marie, (Toronto), 1892: Public Archives of Canada, Ottawa.

Some general observations may now be made regarding the implications of the street pattern for traffic flows and therefore for consumer movement and retail location.

The constraints presented by the waterfront and the Lake Nipissing shoreline have resulted in a strongly linear street pattern, especially in the central section of the city. To the west and east, the shoreline recedes from the waterfront and the constraint is less evident. Only two streets, Queen and Wellington, provide through access from west to east below the shoreline and until McNabb Street was extended westward to St. George's Avenue in 1971, no through streets existed in the hill area south of Second Line. Further, the shoreline has restricted the number of north-south routes connecting the residential areas in the north-east to the central core; only Bruce Street and Pim Street are direct enough to be of significance as through routes. The gradient on these hill streets is severe in some cases and, in winter, snow and ice may temporarily affect traffic movement. Both Bruce and Pim Streets are crossed by the Canadian Pacific Railway, which also keeps below the glacial shoreline. Slow-moving freight trains at these grade crossings frequently delay traffic. A similar situation existed where the Algoma Central Railway crossed Wellington Street West; here the disruptions of traffic were so frequent and lengthy that an underpass was constructed.

The city centre, containing the majority of the retail stores, is elongated along the single artery of Queen Street from Pim Street to Gore Street. Central business district uses do not extend any significant distance along cross streets and Queen Street lacks, therefore, any single focal point. The implications of this will be considered in Chapter X.

The location of the major industrial employers in the west of the city and of residential areas in the east and north-east has resulted in heavy traffic flows along Bay, Queen and Wellington Streets - traffic that is unrelated to work or shopping within the city centre. To ease the flow of traffic within the congested central area, a system of one-way streets was instituted in 1961.



Eden Grove

Bond

TWO-SIZED

3

CHAPTER II

THE GROWTH OF SAULT STE. MARIE

The advantages of site and situation detailed in Chapter I explain the reasons for the city's growth and for certain of its morphological characteristics. As retailing involves the distribution of products to the consumer or user, the growth and spatial distribution of the consumer market over time is of basic significance to this study. Therefore in Chapter II, the growth of population in the city and the expansion of the city's areal extent in response to that growth will be described and explained.

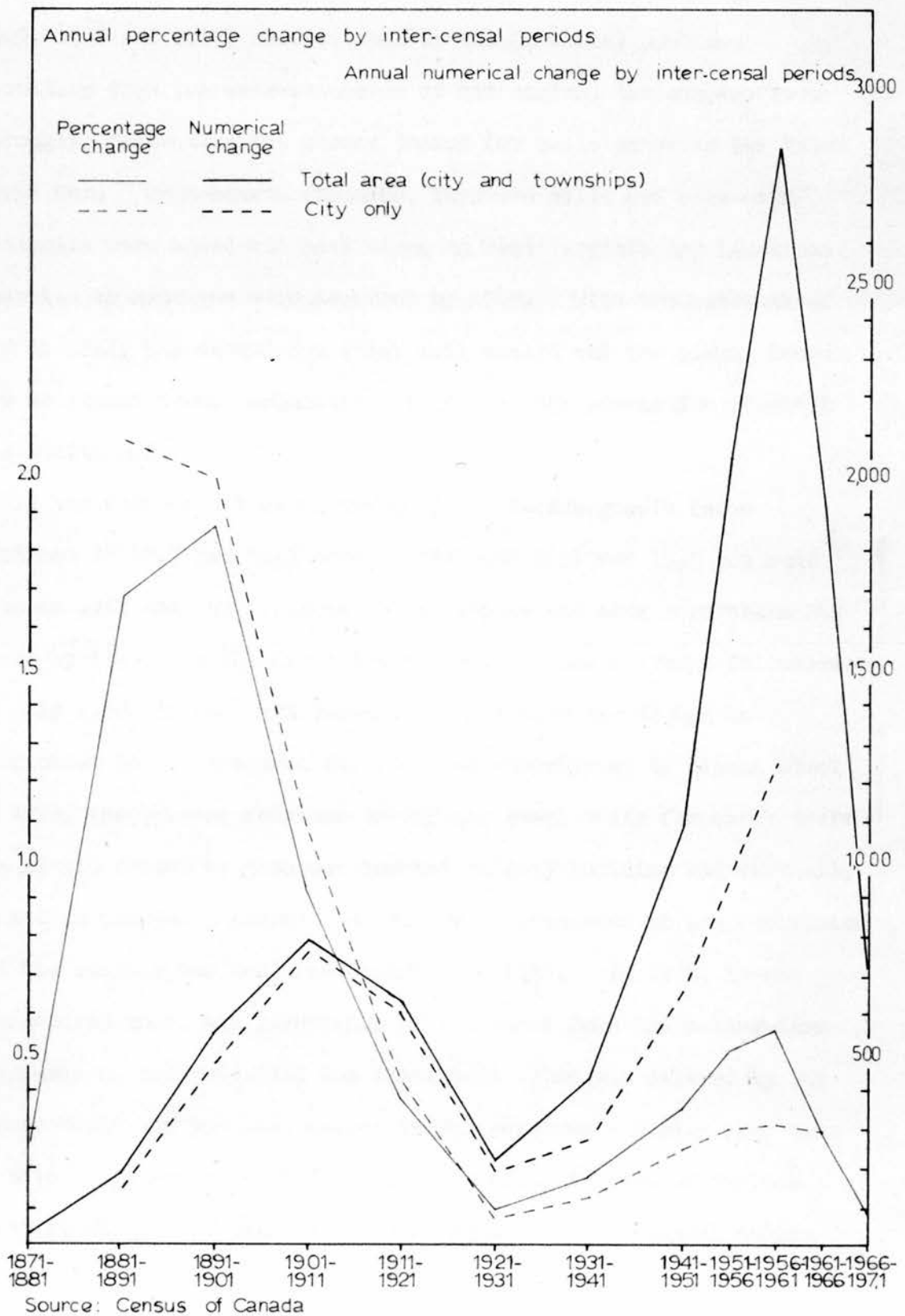
POPULATION GROWTH

Despite the long history of contact and settlement at this site, the growth of the city has occurred primarily in the twentieth century. In 1887, the Canadian Pacific Railway branch line from Sudbury reached Sault Ste. Marie and the village, with a population of 1,600, achieved town status. The completion of this branch line and the building of the International Rail Bridge across the river in 1894 and of the Canadian Lock between 1888 and 1895, initiated some modest growth in the town population. Nevertheless, to the 2,414 residents recorded in the 1891 Census, the prospects for future growth appeared bleak. The short-lived boom had petered out; a project to develop water power

at the rapids to attract industrial development was only half-completed and the town was deeply in debt. The recognition of the advantages of the site and situation of the town and the potential of the region was left to an American entrepreneur, Francis H. Clergue. Between 1894 and 1914 (when his financial empire, the Consolidated Lake Superior Company, went bankrupt), Clergue established the major industrial enterprises which have accounted for the growth of Sault Ste. Marie. In those years, Clergue developed water power on both sides of the St. Mary's River, groundwood and sulphite pulp mills, a paper mill, a machine shop and foundry, a ferro-nickel and sulphuric acid plant, the hematite iron mines at Wawa, a railway (later to become the Algoma Central Railway) to exploit the iron and timber resources of the Shield and in 1901, Ontario's first steel mill. It is the last of these enterprises which has been most significant to the economic life of Sault Ste. Marie. The dominant function of the city is manufacturing with 48.4 per cent of the male labour force of 21,171 engaged therein in 1968.¹ Algoma Steel Corporation employed 8,589 in 1971 and its associated Tube Division (prior to 1971, Mannesmann Tube Company) a further 820 and, while these figures include persons in clerical and similar positions, it is clear that the growth and prosperity of the city have been intimately linked with the fortunes of the city's major employer. These, in turn, have been affected by national economic conditions, internal policy decisions and the city's peripheral situation in relation to the mass markets of central Canada.

The high decade growth rates in population of 185.7 per cent between 1891 and 1901, and 91.4 per cent between 1901 and 1911 (Figure 2:1), are a reflection of the establishment of an expanding industrial base

1 Sault Ste. Marie Chamber of Commerce, City of Sault Ste. Marie, Ontario, Canada: Industrial Inventory (2nd. ed. Sault Ste. Marie, 1970), Table 2, Section 12, p.5.



POPULATION GROWTH : SAULT STE. MARIE : 1871-1971

Figure 2:1

by Francis Clergue. The first steel in Ontario was produced in Sault Ste. Marie in 1902 and the first steel rails rolled in Canada, in 1903. Despite the reorganisations of Clergue's holdings in 1903, 1908 and 1912, necessitated by the financial problems resulting from the over-extension of his empire, the company grew strongly, reflecting the strong demand for rails prior to the First World War. Open-hearth furnaces, improved mills and coke-oven batteries were added and coal mines in West Virginia and limestone quarries in Michigan were acquired by 1909. With the outbreak of war in 1914, the demand for steel rail ceased and the plant, known now as Algoma Steel Corporation, turned to the production of steel for munitions.

In the decades following the war, the decade growth rates declined to 10.3 per cent between 1921 and 1931 and 17.5 per cent between 1931 and 1941 (Figure 2:1); though the city population had grown by 13,923 in the first twenty years of the century, it increased by only 4,702 in the next twenty. The slower growth can be attributed to the business difficulties encountered by Algoma Steel. In 1919, the company returned to rolling steel rails for which there was little demand as transcontinental railway building had virtually ceased in Canada. Attempts to diversify foundered in the Depression and the company was declared bankrupt in 1932. In 1935, it was reorganised under the leadership of Sir James Dunn and a long-term programme of modernisation was initiated; this was delayed by the Second World War but was renewed in the post-war period. The aims of this programme were to diversify the product range to include sheet steel, plate, tube rounds and specialised structural shapes

and to modernise the obsolete plant equipment; to these ends \$195,900,000 were spent between 1952 and 1962.² Plans in 1965 forecast further expenditures of \$175,000,000. Steel production rose from 179,000 tons in 1936 to 872,000 tons in 1952 and to 2,495,000 tons in 1970; employment rose from 3,781 in 1939 to 8,589 in 1971.³ The increasing health of the city's major employer since 1950 is reflected therefore in the growth of the city; the decade growth rates between 1941 and 1971 have been 37.0 per cent, 60.5 per cent and 20.4 per cent and the urban population in that period grew by 48,621. The decade from 1951 to 1961 saw an addition of 24,473 to the urban population and even in the slower growth decade since 1961, the net increase was 13,212 (Figure 2:1).

It is likely that growth will remain slow in the future; the steel industry is becoming more capital-intensive with the introduction of oxygen furnaces, continuous casting processes and computerised mill operation. However, rapid population growth in the past has had a strong impact on the structure of retailing in the city in a number of ways; these will be detailed more fully in later sections:

Periods of rapid growth have resulted in a rapid expansion of the areal extent of the city. In the decade from 1951 to 1961, the population of the two townships, Korah and Tarentorus, increased by 13,837 compared with an increase in the city of 10,636 (Figure 2:1).

2 Algoma Steel Reports, March 16, 1962.

3 Data obtained from Algoma Steel Corporation files.

The explosive growth of the urbanised area beyond the old city limits had important implications for the development of suburban shopping facilities.

In these same growth decades, substantial immigration occurred; at the beginning of the century especially, much of this immigration was from Italy and Central Europe. The existence of areas of distinct ethnic composition, with their specialised ethnic markets, has also affected the nature of retailing.

The health of the city's major industries in the post-war period has been reflected in high wage rates. These, in turn, have created a level of personal disposable income above the national and provincial averages; in 1970, personal disposable income per capita was estimated to be \$2,500 in Canada, \$2,820 in Ontario and \$2,970 in Sault Ste. Marie.⁴ Per capita retail sales, therefore, show the same pattern - \$1,300 in Canada, \$1,420 in Ontario and \$1,460 in Sault Ste. Marie.⁵

AREAL GROWTH OF THE CITY

1901 - 1921 (Figure 2:2). The original core of the city was located in the vicinity of Pim and Queen Streets as the chief docks serving the city were located at the foot of Pim Street. Settlement spread westwards towards the rapids, along the streets laid out as the Town Plot in the survey of 1846 (Plate 2:1). The location of the pulp mill and, later, the steel plant close to the rapids was one

4 1971 Survey of Markets, (Toronto, The Financial Post), pp.44 and 45.

5 Ibid.

AREAL GROWTH OF SAULT STE. MARIE : 1901 - 1941

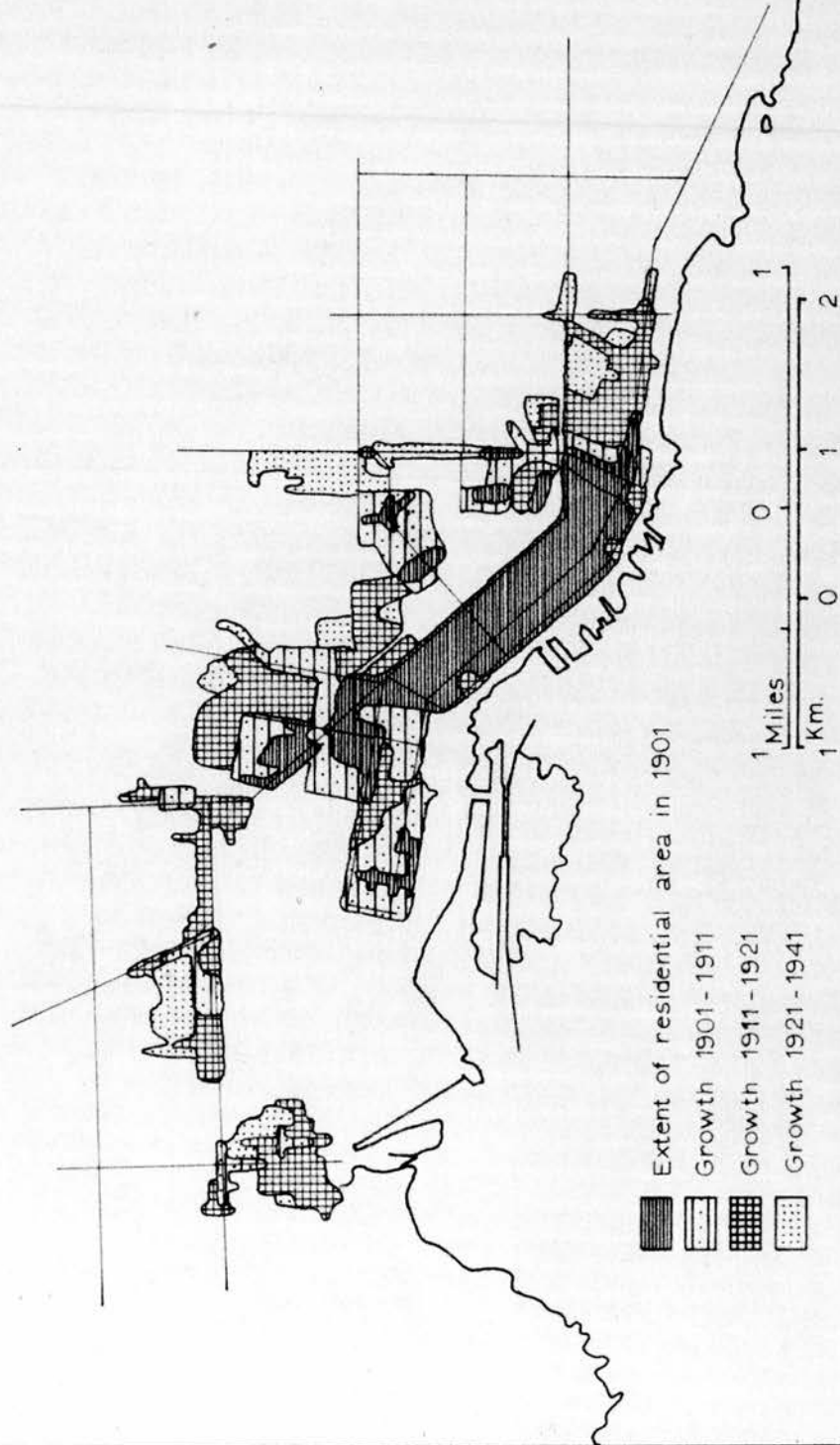


Figure 2:2

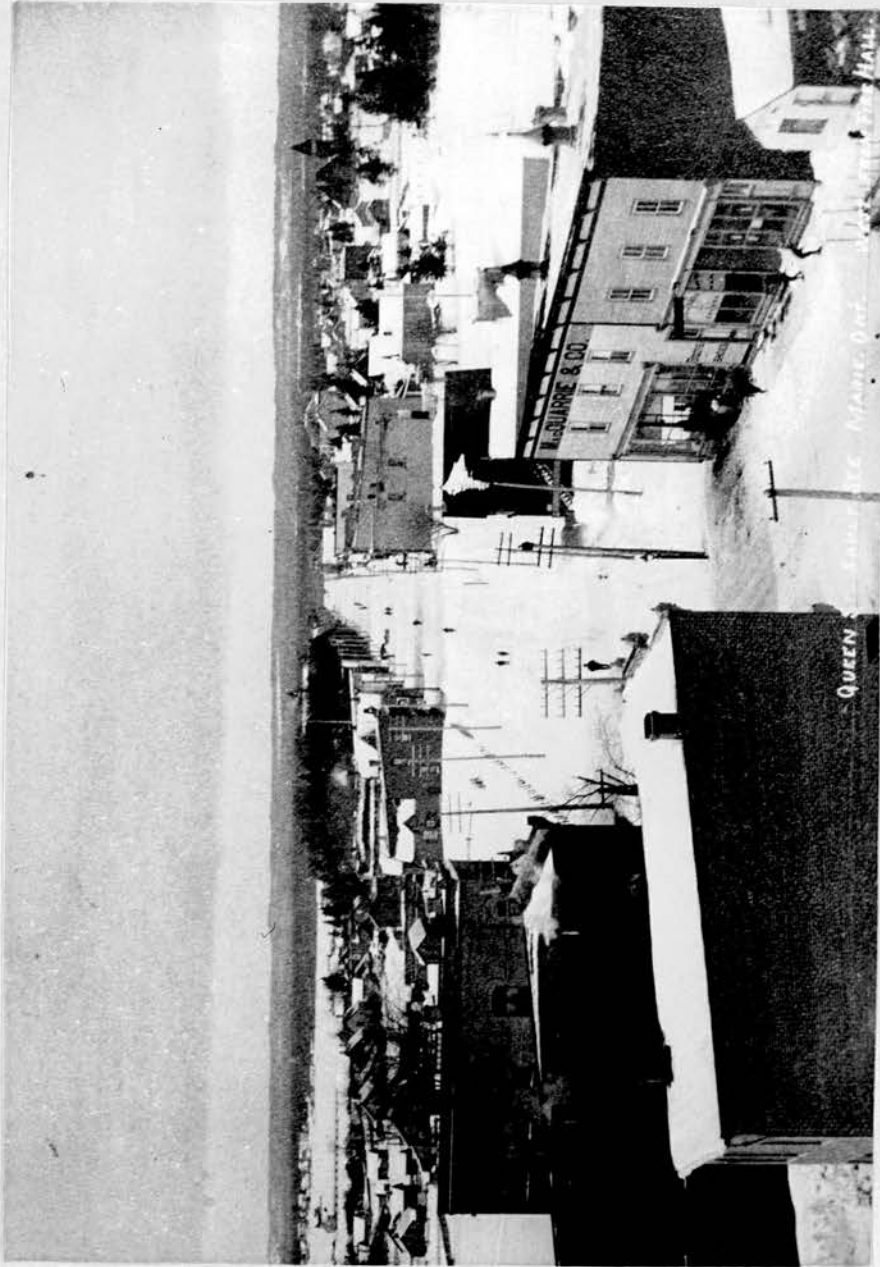


Plate 2:1

Queen Street East in the 1880s, looking westward
from Queen and East Streets.

Settlement spread westward along Queen Street East. The
outline of the Canadian Shield is visible in the background.

controlling factor in this westward expansion. By 1901, the Town Plot from Church Street to Gore Street below the Lake Nipissing shoreline had been occupied (Plate 2:2) and some scattered residences had been established above the shoreline in the vicinity of Bruce and Pim Streets. Proximity to place of work resulted in settlement in the western end of the Town Plot along the core of James Street - an area referred to as the West End - and along Wellington Street West in Steelton.

By 1911, the city population stood at 10,984 and that of Steelton at 3,936 - a decade increase of 7,751. Though a street-car line from Pine Street to the West End was in operation by 1902, the chief areas of growth were still in the western portion of the urban area. The city expanded westward towards Huron Street and by 1911 had almost coalesced with the spreading core centred on James Street. Strong growth occurred in Steelton and new residences spilled into a small enclave of Tarentorus township, known as the Moffly Park Subdivision. New cores developed even further west: at Wellington and Connée Avenue, on Korah Road and on Coulais Avenue; these areas were adjacent to the steel plant to the south and east.

Expansion continued in the 1911 to 1921 decade though at a slower absolute rate; the population of the urban area increased by 6,172. The town achieved city status in 1912, and with the absorption of Moffly Park in 1912 and Steelton in 1918, achieved an administrative boundary which remained unchanged until 1966 (Figure 2:3). As in the previous decade, growth was primarily westward. The James Street core was linked to the city core; 79.8 per cent of the buildings

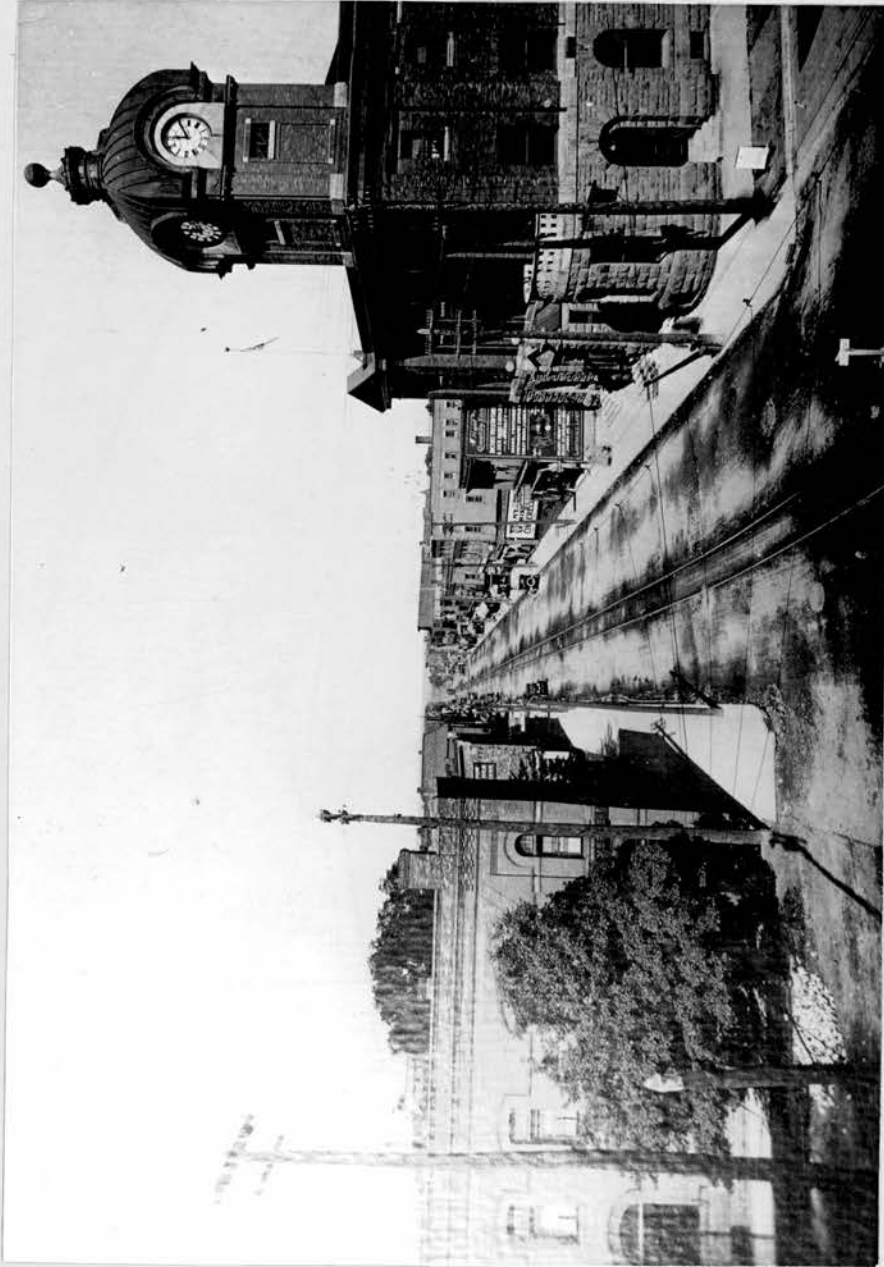


Plate 2:2

Queen Street East in approximately 1912.

This view is similar to that of Plate 2:1 and illustrates the intervening growth. Note the street-car line along Queen Street.

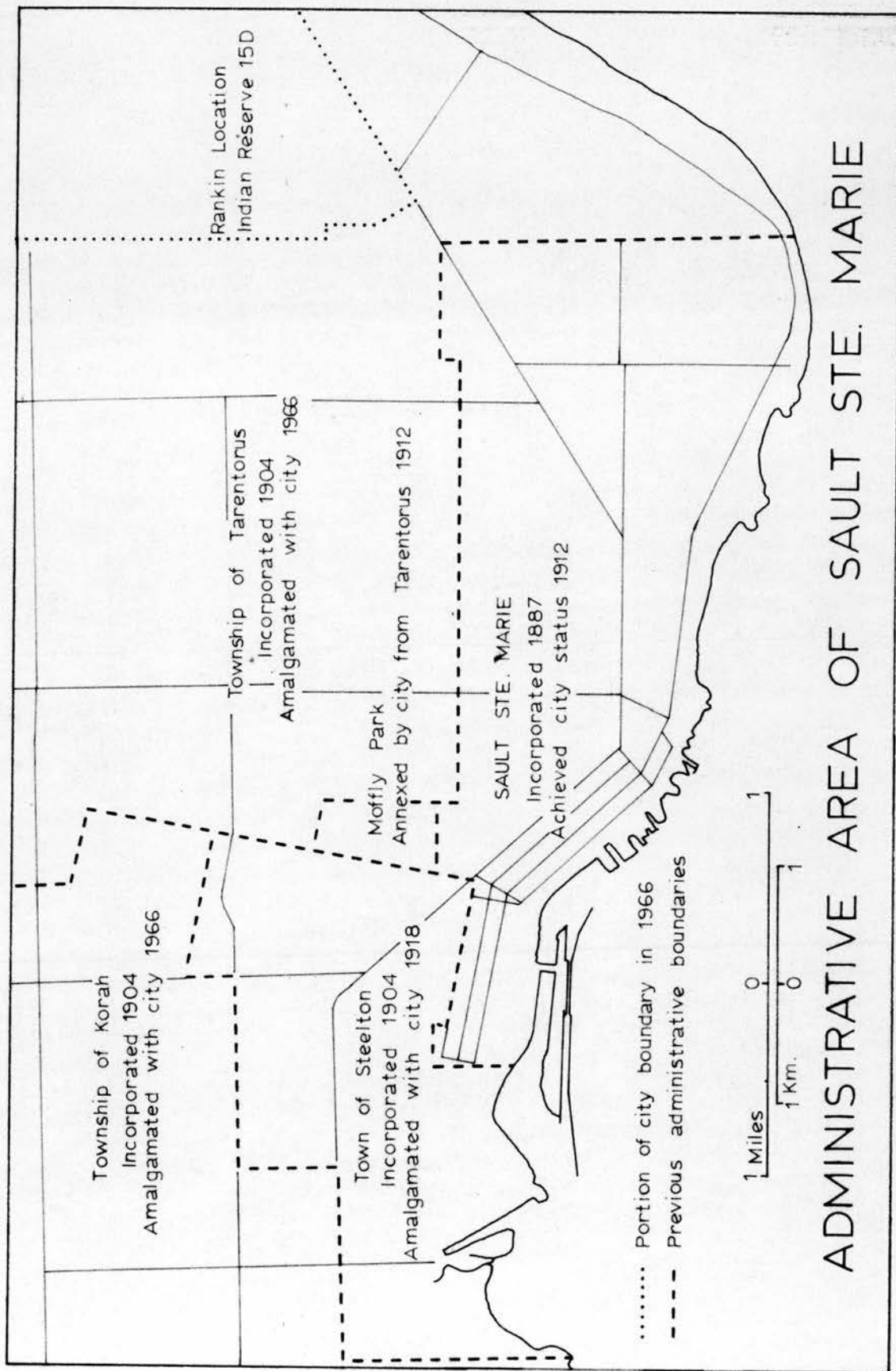


Figure 2:3

standing in 1959 between Gore and West Streets⁶ and 86.2 per cent between Gore and Pim Streets⁷ in the city centre, were built before 1920. Strong development occurred in the John and North Street areas and ribbon development extended along Wallace Terrace towards Korah Road and Bayview, as the subdivision on Goulais Avenue was known (Plate 2:3). Some moderate expansion also took place in this decade towards Pine Street in the east. While westward growth was primarily of lower income housing, eastward growth was largely of middle and upper income housing as evidenced by the spaciousness of the lots and of the brick-built homes (Plate 2:4).

1921 - 1941 (Figure 2:2). As detailed earlier, growth between 1921 and 1941 was slow; only 4,702 persons were added to the urban population in that period and territorial expansion was correspondingly minor, occurring primarily on the fringes of existing built-up areas. One exception was a new subdivision, Northern Heights, north-west of Great Northern Road and McNabb Street; in this area, 21.7 per cent of the buildings were built between 1920 and 1940, the rest after 1940.⁸ This development took place outside the city limits in the township of Tarentorus and was a forerunner of the remarkable suburban expansion that occurred after 1951; even so, 87.4 per cent of the combined populations of the city, Korah and Tarentorus lived within the city limits in 1941.

6 E.G. Faludi and Associates, Rebuilding a City. The Urban Renewal of Greater Sault Ste. Marie, (Toronto, 1961) p.126.

7. Ibid., p.142.

8. Ibid., p.160.



Plate 2:3

Central Street in Bayview, Sault Ste. Marie.
Lower income housing built in close proximity to
industrial operations.



Plate 2:4

Simpson Street, Sault Ste. Marie.
Spacious homes built prior to 1920 and now
largely middle and upper income housing.

1941 - 1951 (Figure 2:4). This decade saw a resurgence in the urban area's growth, most of which occurred after 1946. Of a total population growth of 10,936, the townships accounted for 39.1 per cent. The increase in Korah exceeded that in Tarentorus, the growth rates being 121.9 per cent in Korah, 103.7 per cent in Tarentorus and 25.8 per cent in the city. In Korah, residential expansion occurred west of Prentice Avenue and in Tarentorus, in the Northern Heights subdivision. Growth in the city occurred eastwards where lay the only large areas of undeveloped land. Notable was the establishment of the Monterey Gardens Subdivision north-east of Pim Street and Macdonald Avenue (Plate 1:4). This area consists of small, uniformly designed frame houses built under the Veterans' Land Act especially for returning war veterans; the area has a visual uniformity, even regimentation, unusual in the city. Below the Lake Nipissing shoreline, growth to the east occurred in the form of ribbons along Queen Street, Trunk Road, Pine, Elizabeth and Lake Streets. By 1951, the proportion of the total urban area population living within the city boundaries had declined to 80.3 per cent.

1951 - 1971 (Figure 2:4). The decade from 1951 to 1961 saw the greatest numerical growth in the urban area's history - 24,473 - and, in response to certain additional factors, an explosion of the suburban area's boundaries. 56.5 per cent of this growth occurred in the townships - 13,837; the percentage growth rates in Korah and Tarentorus were 124.0 per cent and 237.8 per cent respectively as against 32.8 per cent in the city. By 1961, only 66.4 per cent of the urban area population lived within the city boundary. Growth outside the city limits was encouraged by a number of factors.

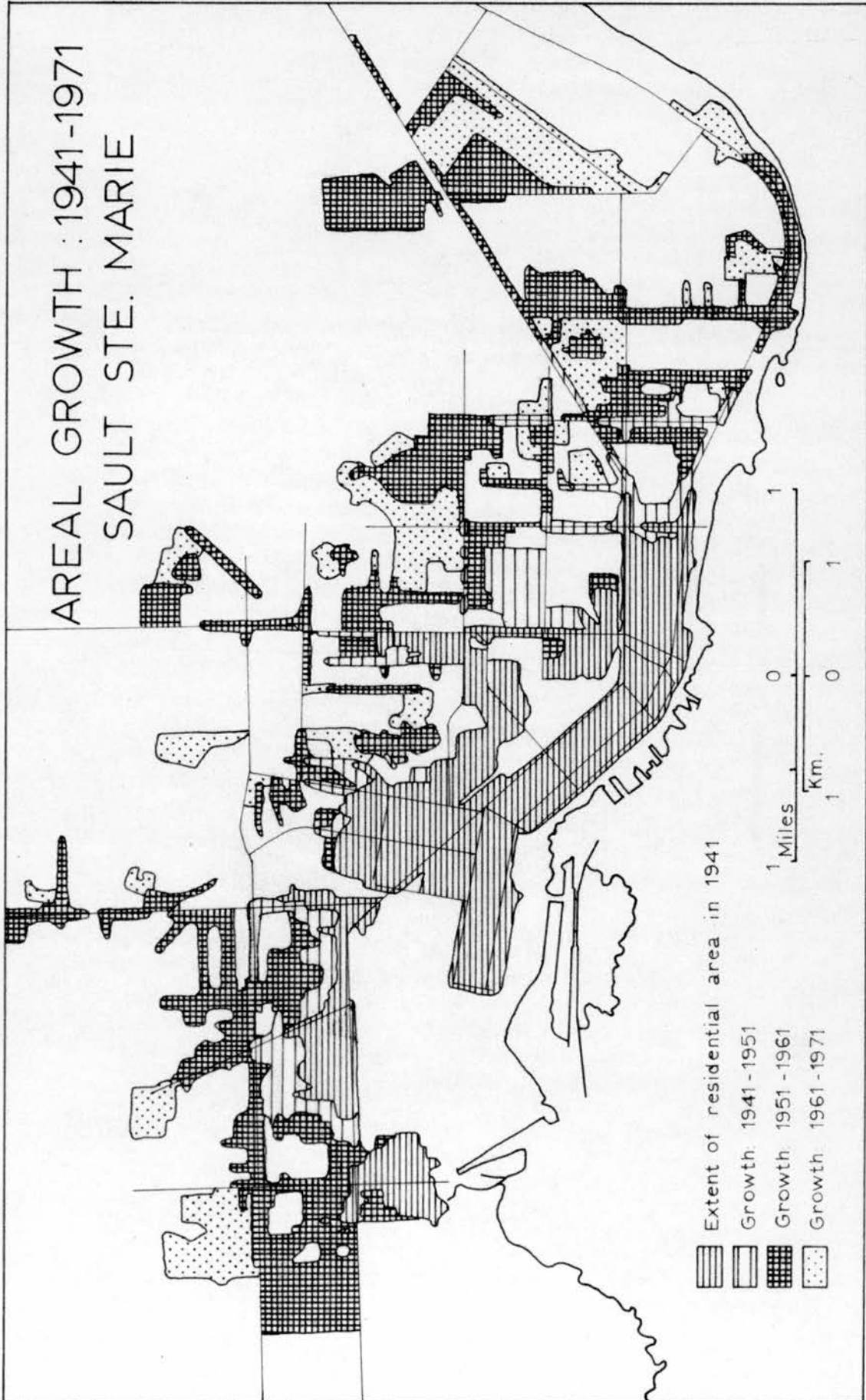


Figure 2.4

Within the city, the only major area open for residential expansion lay in the east at increasing distances from the city centre. Some of this land was low-lying and swampy, while choicer property closer to the riverfront was expensive. Other areas of open land were topographically unsuitable - for example, the ravines along the Lake Nipissing shoreline - or were zoned for parkland or institutional uses. More important than conditions in the city, were those in the townships. Neither township had adopted an official plan and development could occur without other than the most minimal zoning restrictions on building quality or on the juxtaposition of incompatible land uses. As land was cheap in the urban fringe and taxes were, for a time, lower than in the city, much substandard housing was erected in parts of the townships. West of Prentice Avenue in Korah where 73.1 per cent of the structures date from after 1940, only 19.1 per cent were classified as "good"⁹ in 1959.¹⁰ In the Manitou Park Subdivision in Tarentorus, developed only since 1940, 32.1 per cent of the structures were classified as "good" and 31.0 per cent as "poor" in 1959.¹¹ Similar conditions existed in the Eastside Subdivision in Tarentorus. The urban sprawl characteristic of this decade was also assisted by the increase in automobile ownership which freed the individual from dependence on public transport - a phenomenon characteristic of all North American cities; between 1945 and 1960, the number of persons per car in Sault Ste. Marie fell from 8.62 to 3.4 and the number of registered automobiles rose from 3,824 to 18,324 in the same period.¹²

9. Ibid., p.76. Buildings classified as "good" were of good construction both in workmanship and materials, and met National Housing Act standards; those classified as "poor" were old and dilapidated, requiring repairs and lacking adequate plumbing, heating or lighting.

10. Ibid., p.114.

11. Ibid., p.169.

12. Ibid., p.56.

Because of the lack of planning controls in the townships, much of the growth of residential areas occurred in a haphazard fashion in which individual subdivisions were poorly integrated into, and indeed even isolated from, the urban fabric as a whole (Plate 2:5). Originally, the growth was in the form of small accretions to the built-up area of the city, as in the areas of Bayview, Connaught Park, Grandview, Northern Heights and Monterey Gardens; later in the decade, subdivisions leap-frogged out into the rural-urban fringe. The promise of freedom from the congestion and decay of older residential neighbourhoods is reflected in the names of these subdivisions: Forest Glen, Forest Heights, Manitou Park, Cedar Heights, Brookfield, and Greenfield (Plate 2:6). As has been suggested, the reality and the promise were frequently far apart.

The twin phenomena of urban sprawl and increasing dependence on the automobile will be shown to be significant in the relative decline of retail areas in the city centre and in the establishment of suburban shopping locations in this and later decades. As Hoyt points out in referring to large American metropolitan areas:

In 1964, the central retail district, with its large department stores, still remains the largest shopping district in its metropolitan area, and all the outlying business districts ... are still operating, but their dominating position has been weakened by the construction since 1946, of an estimated 8,300 planned shopping districts, with free automobile parking, in the suburbs or on the periphery of the central city mass. The tremendous growth of the suburban population, which moved to areas beyond the mass transit lines, facilitated by the universal ownership of the automobile, and decline in the numbers and relative incomes of the central city population, invited and made possible this new development in retail shopping.¹³

13 Homer Hoyt, "Recent Distortions of the Classical Models of Urban Structure", *Land Economics* Vol.XL, No.2, May 1964, quoted in According to Hoyt: 50 years of Hoyt, (Hoyt 1966), p.285.



Plate 2:5

Vertical air photograph of the northern fringe of Sault Ste. Marie. Great Northern Road (Highway 17N) is in the centre of the photograph. A wide variety of residential patterns can be seen: Forest Heights subdivision in the lower right, Northern Heights in the lower left, isolated houses along roads and apartments. A variety of commercial developments such as shopping centres are evident, together with much undeveloped land.



Plate 2:6

Middle-income housing in the north of Sault Ste. Marie. This area of single family homes is typical of much of the suburban building of the 1960s.



Plate 2:7

Apartments on Pine Street, Sault Ste. Marie.

The lack of zoning restrictions and bylaws, such as those regulating opening hours in the townships, was also of importance.

Between 1961 and 1971, and particularly after 1966, the growth rate of the city decreased. Though the urban area's population increased by 9,631 between 1961 and 1966, only 3,581 were added between 1966 and 1971 - the lowest numerical increase for a five-year period since 1941 and the lowest percentage growth rate in the city's history (Figure 2:1). Physical expansion of the city has been correspondingly restricted. (Figure 2:4).

Further restrictions on the areal spread of the city have resulted from the amalgamation of the city with the two townships of Korah and Tarentorus on January 1, 1966. In the early 1960s, the townships found themselves in financial difficulties; the lack of industrial assessment and a correspondingly restricted municipal tax base, coupled with heavy expenditures for municipal services such as water, sewers, roads, sidewalks and education resulting from the rapid expansion of residential areas, led to a request for amalgamation, initially from Tarentorus. After amalgamation, the Sault Ste. Marie and Area Planning Board prepared an official plan in November 1968, which restricts residential growth by the use of holding, rural area and planned development zones (Figure 6:1) and whose aim is to consolidate growth within the existing "urban service area" - the area in which water and sewer services are already available.

Though some new subdivisions such as Westwood Park, Chippewa, Sackville Road and Chambers Avenue, were approved in the rural-urban fringe prior to the date of the official plan, growth elsewhere has taken the form of filling interstices in the existing built-up area. That the period of uncontrolled growth outward has come to an end is

illustrated by urban renewal plans for the West End and Riverfront areas, both of which incorporate high-density housing, and by the development of apartment districts north-east of Pine and McNabb Streets and east of Elizabeth Street (Plate 2:7). Attention is being paid also to developing areas of high-density low-rental and "senior citizens" housing (low-rental homes for elderly persons) close to the city centre or to urban transport routes. Such areas of high population density can materially affect market areas for retail stores.

NON-RESIDENTIAL LAND USE

The previous section of this chapter has reviewed some aspects of the spread of residential areas in the city and suggested its relevance to retail patterns in the city. Other types of land use may also be relevant though neither a detailed analysis of the morphology of the city nor an attempt to place the city within one of the traditional models of city structure is necessary.

Industrial land use (Figure 2:5) is one of the most stable of land uses in the city as few major industries have been established since the beginning of the century. The locative factors significant then remain so now and, in addition, massive on-site investment makes any changes in location unlikely. The city's major employers, Algoma Steel Corporation and Abitibi Pulp and Paper Company, occupy over 1,800 acres in the west of the city. Here access to water has been the most important factor: water for power development at the rapids, for shipment of bulky raw materials, and for processing-the two industries use 159,550,000 Imperial gallons daily. Land here lay outside the Town Plot of the 1846 survey and with the recession

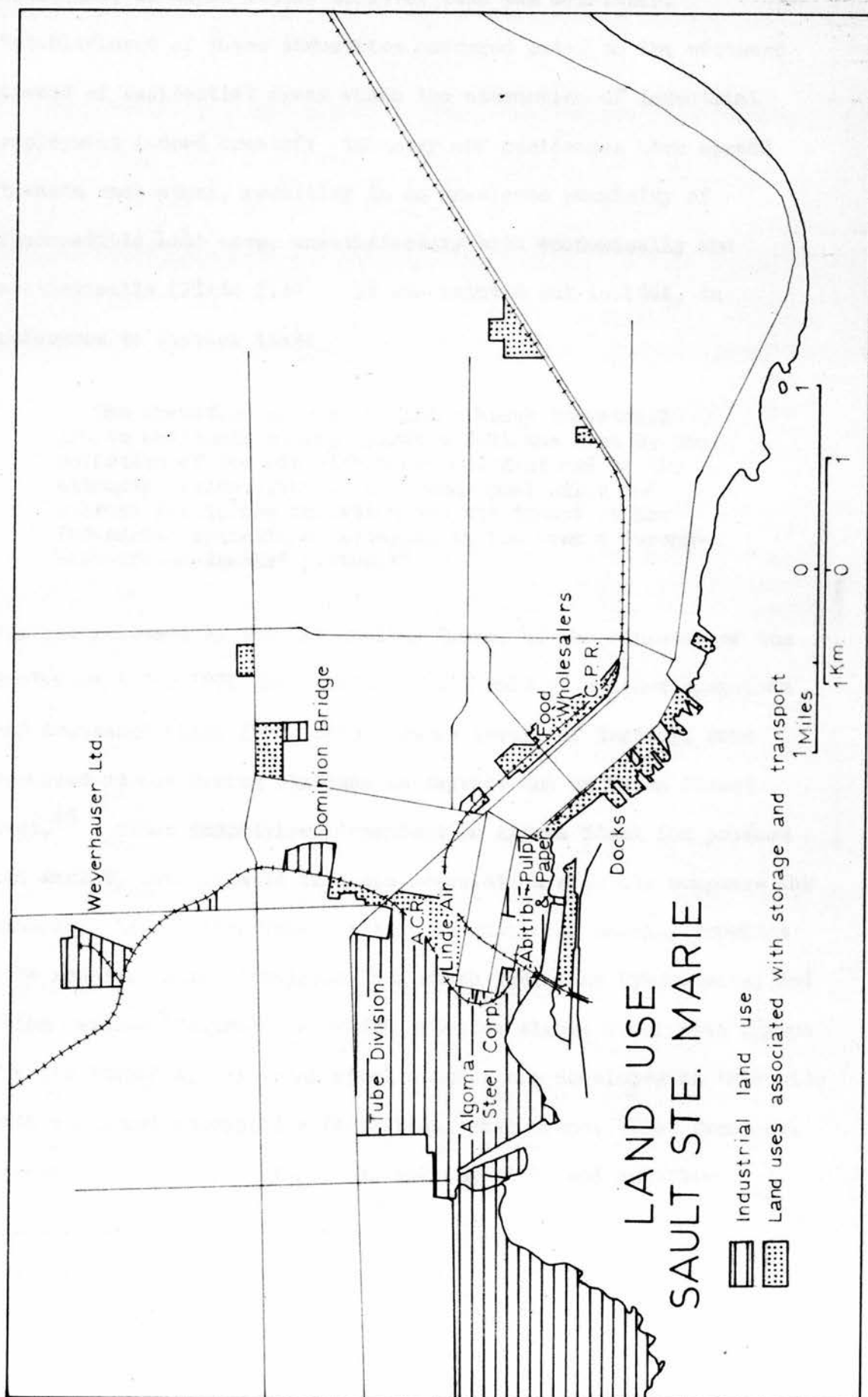


Figure 2.5

of the Lake Nipissing shoreline to two miles from the existing shoreline, an ample supply of level land was available.

Establishment of these industries occurred prior to the westward spread of residential areas which the attraction of industrial employment indeed created; industry and residences have spread towards each other, resulting in an unwelcome proximity of incompatible land uses, unsatisfactory both economically and aesthetically (Plate 2:4). It was pointed out in 1961, in reference to Bayview that:

The operation of the adjoining heavy industrial plants and their storage yards affects the area by the pollution of the air with smoke and dust and by the attendant noise...The view towards coal piles and storage yards, the isolation and the impact of the industrial operations, attaches to the area a 'wrong-side-of-the-tracks' status.¹⁴

Figures released by the Air Quality Branch of the Ministry of the Environment for 1971 show that, while levels of sulphur compounds had decreased since 1966, unacceptable levels of dustfall were recorded at monitoring stations in Bayview and on Queen Street West.¹⁵ Other industries, dependent on Algoma Steel for product and market, have located in close association with the company- for example, Algoma Steel Tube Division to which the company provides tube rounds, Domtar Chemicals Ltd. which uses coke by-products, and Union Carbide (Canada) Ltd. which provides Algoma Steel with oxygen for its furnaces. A total steel complex has developed on this site with docks and stockpiling facilities, coke ovens, blast furnaces, open-hearth and oxygen furnaces, rolling mills and ancillary

14. E.G. Faludi and Associates, p.107.

15. Sault Daily Star, June 13, 1972, p.13.

facilities (Plate 1:4). That local residents perceive this complex as a threat to the quality of their homes is illustrated by the opposition generated in the West End in 1971 to the expansion of Union Carbide's oxygen plant. Though the project had Planning Board and City Council approval, local residents convinced the Ontario Municipal Board that the development was undesirable on the grounds of increased air and noise pollution. The factor of proximity to industrial uses has been of major significance in creating a socio-economic distinction between the eastern and western halves of the city - one which is, in part, based upon the residents' perception of amenity.

Smaller industrial units such as Dominion Bridge Company and Weyerhaeuser (Canada) Ltd., are located in the western half of the city also, in locations adjacent to the Algoma Central Railway Line; such enterprises do not constitute environmental hazards of the magnitude of Algoma Steel because of the nature of their operation, their limited scale or their location in the less populated urban-rural fringe.

Though not industrial in the manufacturing sense, land uses related to transportation and storage functions are considered part of industrial land use. Several significant areas with these functions exist. The main yards, and repair and servicing facilities of the Algoma Central Railway adjoin Algoma Steel property; coke, iron ore and sinter for the company are major commodities handled by the railway. Early commercial development occurred along the riverfront east of the rapids when shipping and passenger steamship services were major parts of commercial life. As in other Canadian cities, such as Vancouver and Toronto, the

riverfront, potentially a major aesthetic asset to the community, has been usurped by commercial enterprises and lost to the citizens. From Gore Street to Pim Street, the waterfront is a jumble of freight sheds, railroad terminal facilities, coal docks, lumber yards, scrap metal yards, oil storage tanks and sand and gravel dealers, interspersed with industrial plants such as a foundry and brewery, and with derelict, vacant land. At the foot of Brock Street is the abandoned ferry dock, the terminus prior to 1962 of the passenger and vehicular ferries linking Sault Ste. Marie, Michigan, and Sault Ste. Marie, Ontario. North of the city centre, comparable uses occur in the vicinity of the Canadian Pacific Railway yards. Examples include the station, freight and express sheds, a decaying round house, flour and feed storage and wholesale grocery, fruit and vegetable warehouses (Plate 1:3). Finally, a new area of wholesale companies and light industry is developing in the north of the city along Second Line and is keyed to road transport rather than to rail or water; with planning control, this area has avoided "blighting" the surrounding residential areas.

Two observations are worth making from Figure 2:5. Firstly, practically no industrial or associated land uses occur in the east and north-east. Secondly, the historic city centre of the Town Plot is sandwiched between the riverfront and the Canadian Pacific Railway and surrounded by industrial land to the west. This is a factor of considerable significance in assessing the causes of the "blight", congestion and lack of vitality of the city centre. Strong thrusts are now being made to renew portions of this urban zone with emphasis on demolition and relocation of unsuitable uses, and rebuilding or rehabilitation if feasible. The Sault Ste. Marie and Area Planning

Board comments that: "Without the availability of the Texaco site, it would be difficult to attract apartment developers to this location, since they would have to locate initially immediately adjacent to the unattractive bulk oil plant"¹⁶ and that "the Texaco tanks are a major blighting influence on the waterfront..."¹⁷ The aim of this Plan is: "To improve the environmental quality of the City Centre for the benefit of people who come to work or live there"¹⁸ and, one might add, to shop there.

As all of the renewal projects have implications for retailing, they will be considered in detail in Chapter VI. Broadly, however, West End urban renewal in the area from Gore to West Streets is concerned with residential redevelopment and the elimination of the existing retail strip along James Street. Riverfront redevelopment between Bay Street and the river from East to Spring Streets, will involve clearance of existing structures and the creation of a civic centre (city hall, theatre, recreational facilities) to complement the existing public library, along with apartments, offices and some retail units. To the west, at the foot of Bruce Street, the Algoma Central Railway has proposed, and has had approved, a major commercial development on vacant land in its ownership, which will include a shopping centre with a major department store, offices, apartments and a hotel and convention centre. It is, of course, hoped that such developments will have the effect of rejuvenating the entire city centre.

16. Sault Ste. Marie and Area Planning Board, Riverfront Redevelopment Plan 1972, (mimeographed 1972), p.4.

17. Ibid., p.14.

18. Ibid., p.7.

In conclusion, certain general statements, which will be amplified in later chapters, regarding the impact of industrial and commercial land use on retail areas, will be summarised here.

1. The distribution of industrial areas has influenced the distribution of socio-economic groups and, therefore, of purchasing power in the city.

2. The environmental quality of retail areas, such as those along Queen Street and James Street, has been adversely affected by proximity to industrial and commercial uses and their attractiveness to the shopper has been reduced.

3. Industrial and commercial enterprises generate substantial volumes of road and rail traffic which may contribute to congestion on city streets.



CHAPTER III

THE CHARACTER OF THE POPULATION

In this chapter, the distinctive character of the population of Sault Ste. Marie will be examined. The distribution and density of population, its socio-economic and ethnic character, and its age structure are major considerations in the analysis of the market areas of stores and of the level of sales and the retail mix of products purchased. No study of retail changes can afford to neglect what is one of the most important components of the distributive process - the consumer. As Peter Scott has emphasised: "Basic to these and other trends in retail structure are changes in the structure of the retail market."¹

POPULATION DENSITY AND POPULATION CHANGE

The lack of any census data by enumeration tract must limit consideration of population densities to 1959 (Figure 3:1), when a study was undertaken by E.G. Faludi and Associates, and to 1970 (Figure 3:2), when Traffic Zone data were collected for the first time by the Sault Ste. Marie and Area Planning Board. The basic contrast is, of course, the spread of population into the rural-urban fringe especially to the north and east, and both figures show that the areas of highest density generally conform to the older residential

¹ Peter Scott, Geography and Retailing, (London, Hutchinson University Library, 1970), p.83.

POPULATION DENSITY : 1959 : SAULT STE. MARIE

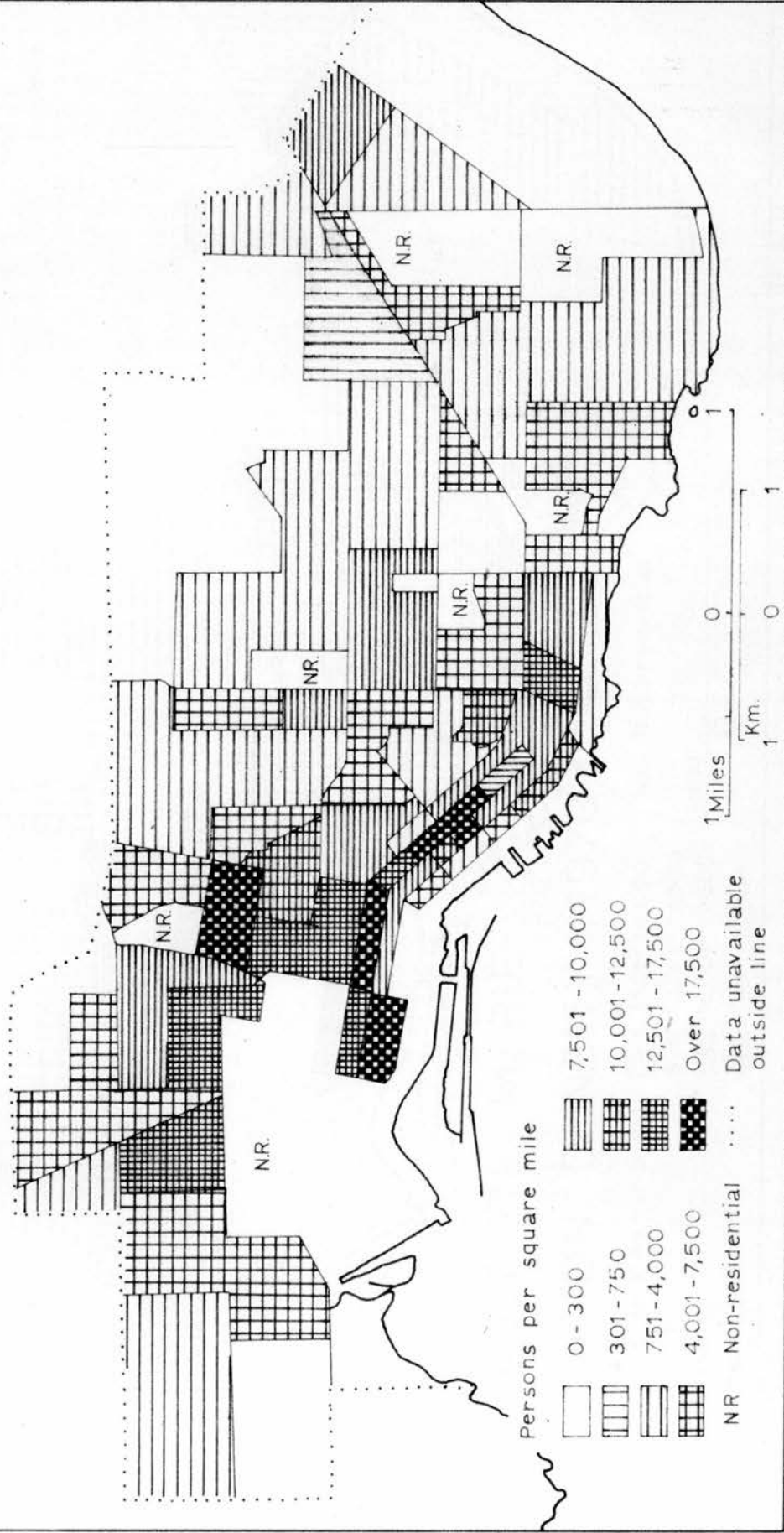


Figure 3:1

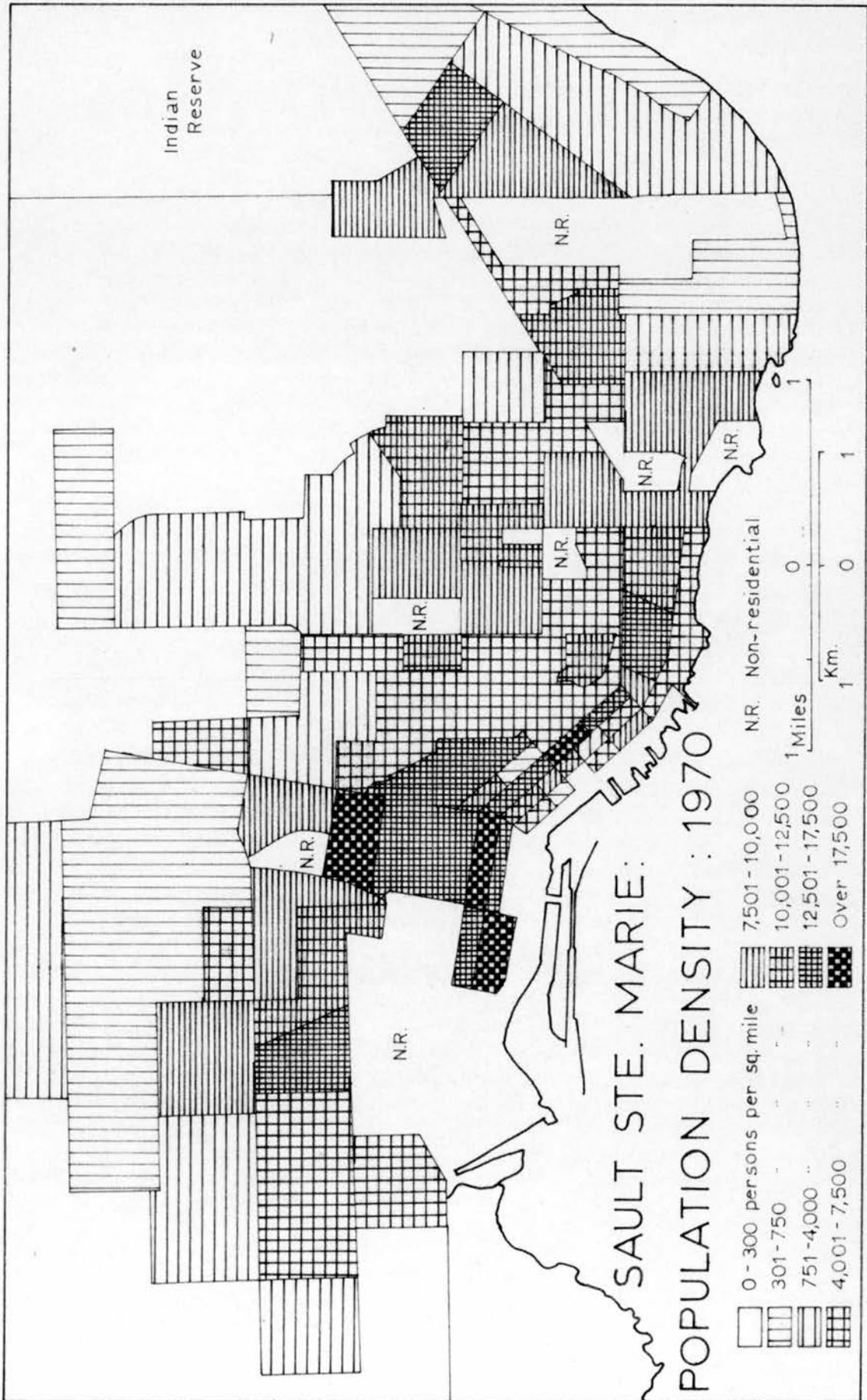


Figure 3:2

areas in the city centre, the West End and Steelton. Net residential densities approach fifty persons to the acre in parts of these areas. Such high densities result from smaller lot sizes (45 to 50 feet wide) than are allowable today, from the high proportion of two-and three-storey homes, from the ethnic composition of certain of these areas, notably the West End, and from the tendency of some older homes to be subdivided into apartments or rooming houses.

Closer examination of the two maps indicates three groups of zones that can be delimited on the basis of population change between 1959 and 1970 (Figure 3:3).

1. Decline in population

The City Centre. Declines in the city centre have been modest - perhaps in the neighbourhood of 400 to 500 persons. The majority of these losses have occurred as a result of the spread of central business district uses away from Queen Street into residential areas. Houses have been converted into legal offices, restaurants, specialty stores and television repair shops, for example (Plate 3:1). Such a situation is common to many cities; Johnston writes that:

A further characteristic of city centres has been the decline in their residential population which has accompanied the increased concentration of commercial activities within them. The number of people living in the historic cores of Western cities has been falling steadily since the middle of the nineteenth century, the precise date depending on the individual circumstances of a particular settlement.²

2 James H. Johnson, Urban Geography: An Introductory Analysis, (Oxford, Pergamon Press, 2nd Edition 1972), p.119.

POPULATION CHANGE : 1959-1970 : SAULT STE. MARIE

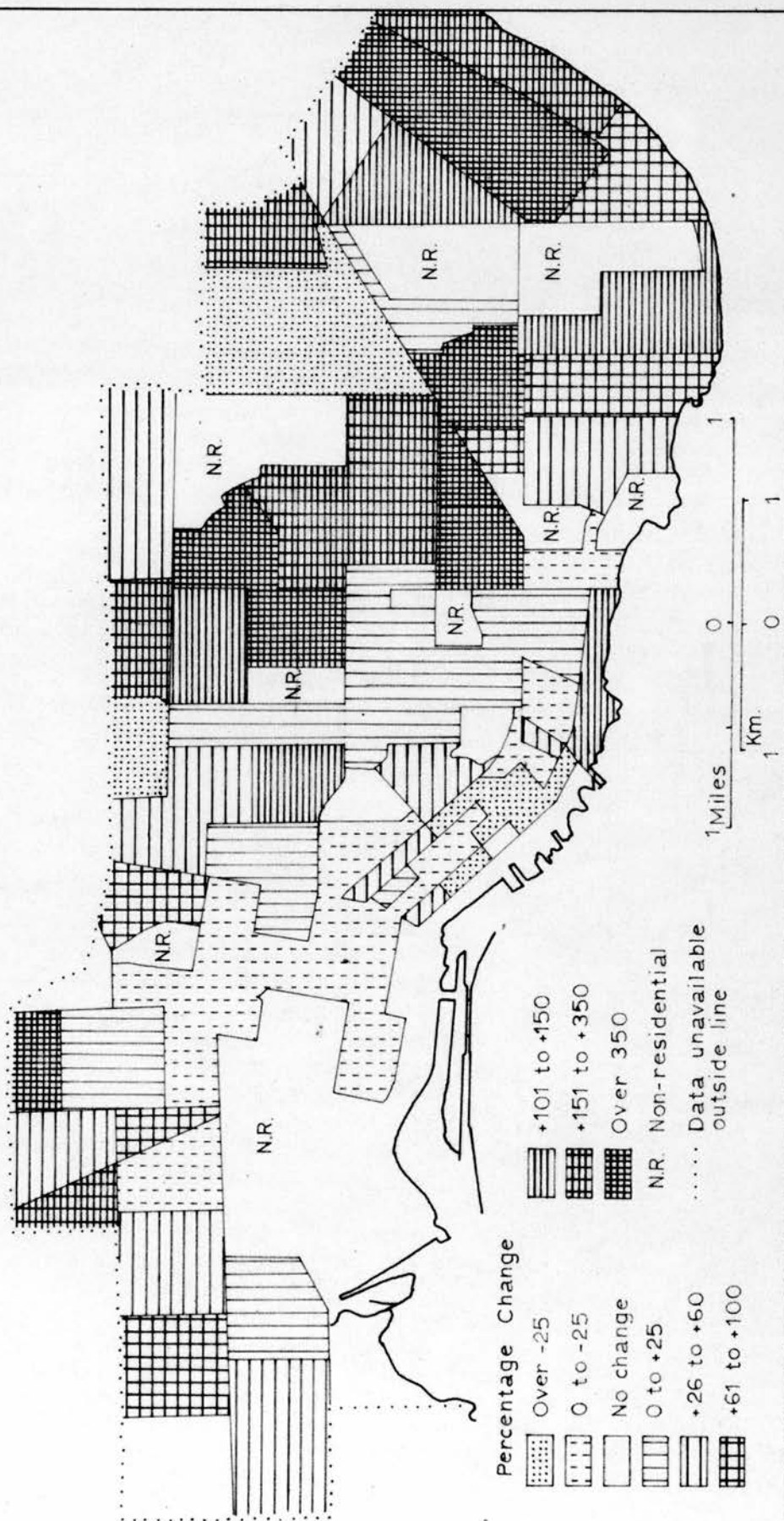


Figure 3:3



Plate 3:1

Albert Street East, Sault Ste. Marie.
Here an older residential area close to the city
centre is being invaded by commercial uses.



Plate 3:2

St. Mary's Ukrainian Church, Bayview, Sault Ste. Marie.
Churches and societies illustrate the strength of ethnic
elements in certain districts of the city.

The West End. This area from West Street to Gore Street, has been singled out for the first major urban renewal project in the city. Faludi described the area in these terms: "...decline and blight are reflected by the age and obsolescence of the structures, the high ratio of land coverage, and the lack of open space, coupled with the arid view toward the heavy industries which surround the area in three directions."³ The population of this district, predominantly Italian in origin, is older than the norm for the city as the younger generation has moved away to suburban locations. Compulsory purchase and demolition of homes and businesses have begun, making way for new schools and apartments, and a new shopping district. Though the decline of the James Street shopping district had begun before urban renewal, its demise was made inevitable by the loss of local population - approximately 1,000 between 1959 and 1970. Population densities will probably not decline much below present levels as high-rise apartments are planned to replace some of the present single-family homes.

Despite the decline in the population of the city centre and the West End, which has affected retailing in those areas to a certain extent, it must be emphasized that these two areas still have a combined population of over 8,000 or 10 per cent of the total for Sault Ste. Marie. One of the objectives of renewal of the riverfront area is to entice population back into the central area and, in this way, to increase the potential market for the area's retailers.

³ Faludi, p.125.

Pre-1920 residential areas. Such areas as Steelton, Korah Road and between Pim and Pine Streets, also showed modest population declines between 1959 and 1970. It may be that these declines resulted from a drift to suburban areas by the younger generation who wish more modern homes than are found in these older districts. Boyce suggests that: "Residential change appears to be highly voluntary ... and to be triggered by discontent with the present neighbourhood or house. The basic force seems to be 'push' rather than a 'pull' feature, though upward housing mobility is almost always involved in any move."⁴ Increases within these areas, for example, on lower Pine Street and on Kohler Street, were the result of the building of apartment blocks in the 1960s.

2. Zero Change

A few areas in and around the older residential areas showed virtually no change in population density. These may be regarded as transitional zones.

3. Increases in population

Such areas, one and a half to two miles from the city centre, merely illustrate the districts in which areal expansion took place in the decade. Notable again is the northward and eastward shift in population, and the growth of apartment districts northwest of McNabb and Pine Streets and between Elizabeth and Lake Streets north of the Trunk Road. Population densities outside the apartment districts are much lower than in the older residential districts and dependence on the automobile is considerable.

4 Robert A. Boyce, "Residential Mobility and Its Implications for Urban Spatial Change", Proceedings of the American Association of Geographers, Vol.1, 1969, p.23.

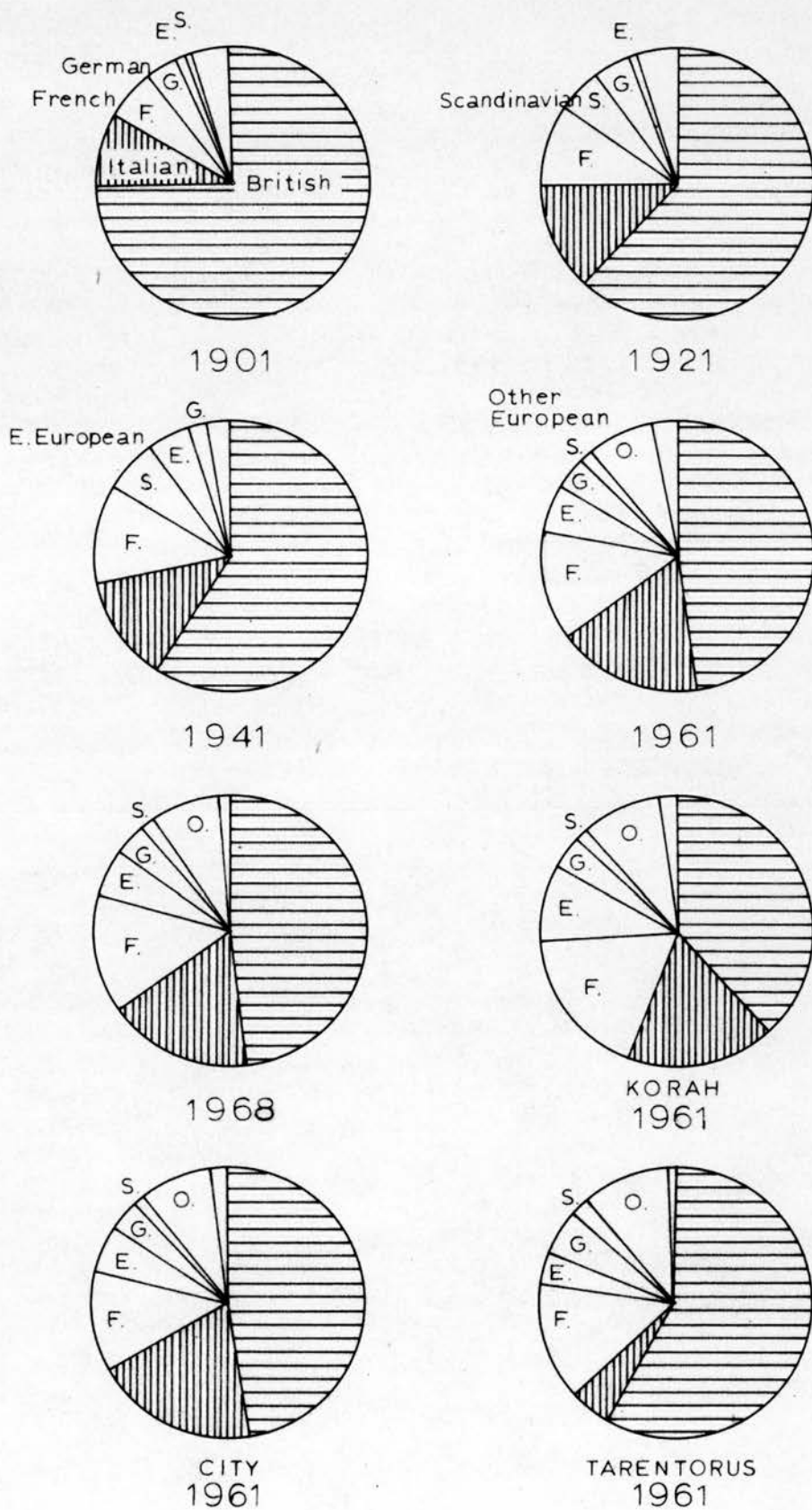
It will be contended in a later section that the migration of population from the city centre to the suburbs has been one of a number of factors influencing the growth and location of suburban shopping areas and the relative decline in the share of city retailing enjoyed by the city centre.

ETHNIC CHARACTER OF THE POPULATION

1. Origin (Figure 3:4)

1901. Figures from the 1901 Census show the strong British element in the population - over 75 per cent of the total - with the French and Italians next. The Italians had been brought in originally to work as stonemasons and labourers during the construction of the Canadian lock and had found further employment during the building of the power dam and the pulp mills in the 1890s. Of all Canadian cities, regardless of size, only Toronto had a larger number of Italians in 1901.

1901 - 1961. The most striking facts about this period are the consistent decline in the proportion of people of British stock - from 75.4 per cent in 1901 to 48.0 per cent in 1961 - and the increasingly cosmopolitan nature of the population as a whole. The proportion of French people showed a modest increase, due more to natural increase than to immigration, while the Italian population, boosted by continuing immigration, rose from 6.1 per cent of the population in 1901 to 17.0 per cent in 1961, becoming the second-largest ethnic group. Between 1921 and 1931, immigration of Ukrainians increased the proportion of East Europeans in the population from under 1 per cent in 1921 to 5.5 per cent in 1941. Scandinavians, mainly Finns, were a significant element prior to 1941 but the lack of post-war immigration from Scandinavia has caused a substantial decline in their number.



Sault Ste. Marie : Ethnic Origin 1901-68.

Source: 1901-61- Census of Canada, 1968 - Sault Ste. Marie Chamber of Commerce, Industrial Inventory 1970.

Figure 3:4

Post-war immigration from war-torn Europe caused an increase in the proportion of those classified as "other Europeans".

1961 - 1968. The decline in population growth rates for the city suggests that little immigration was taking place; consequently, the ethnic composition of the city remained stable during this period.

2. Distribution of Ethnic elements

There is a strong tendency among non-English speaking immigrants to settle close to those of their own ethnic group for their mutual benefit in respect to language, availability of housing and closeness to relatives. Consequently, certain areas of the city display strong ethnic characteristics which are reflected in the nature of their retail outlets and the product mix available within them. Because census tract data are not available for Sault Ste. Marie, judgments as to the boundaries of such areas must remain somewhat subjective.

However, the following concentrations in 1959 are suggested by Faludi⁵ and shown on Figure 3:5;-

1. Italian population in the area between West Street and the Canadian Pacific Railway.
2. Slavic peoples in Bayview (Plate 3:2).
3. Mixed Italian and Slavic peoples in the area bounded by Wallace Terrace, Prentice Avenue, Second Line and Wellington Street West.
4. Finnish people around the intersection of Huron Street and Albert Street West.
5. French people along Huron Street between Cathcart Street and the Canadian Pacific Railway.

5 Faludi, Plate 17, p.28.

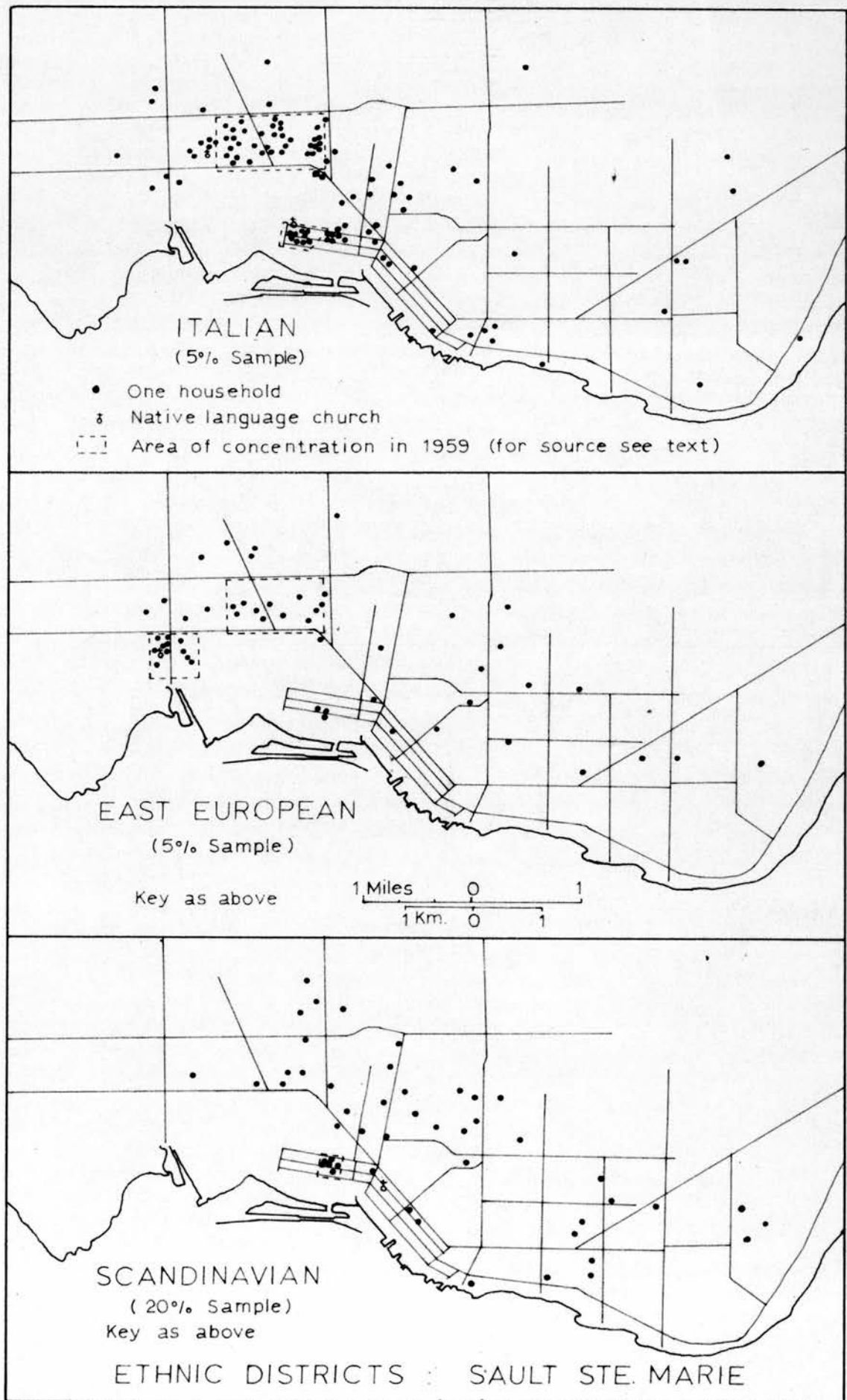


Figure 3:5

It is notable that all these concentrations are in the western half of the city and in close proximity to the major industries where many of the immigrants found employment. By plotting the place of residence of a sample of families whose surnames could be associated with an ethnic group and by plotting the location of churches and societies with ethnic associations (Figure 3:5), some support is given to the distributions mentioned. In the case of those of Italian descent, the West End and Korah Road areas are prominent, though Italians are well represented west of Prentice Avenue and in Bayview and Steelton. No strong penetration of the north and east of the city has yet been made; these areas developed in the 1960s by which time Italian immigration had slowed. As will be shown later in this chapter, the population in these residential areas is largely composed of white-collar workers, whereas the Italian population finds employment as industrial workers and labourers. The West End is hence close to place of work. Slavic concentration is predominantly in Bayview and Korah Road with only scattered representation elsewhere. Similar factors apply as in the case of the Italians. There is a core of Scandinavian people, especially Finns, in the Huron - Albert Street area but there is also a relatively homogeneous diffusion elsewhere; one might speculate that second-generation Scandinavians are less constrained in their mobility by social, linguistic or place-of-work considerations than are their Italian or Slavic counterparts.

While such conclusions are derived from only small samples of the ethnic population concerned and may be suspect as not being representative of the whole, some confirmation is provided by the 1961 Census which provided the ethnic distribution in the city and the two Townships (Figure 3:4). The city proper and Korah had the

lowest percentages of people of British origin and the highest of Italian and East European. Tarentorus, on the other hand, whose area was primarily in the north-east of the city had higher percentages of those of British origin and lower of Italian and East European. Judging by the higher percentages of Germans and "other Europeans", many immigrants must have chosen to settle in the expanding residential areas of Tarentorus in the post-war period.

As part of the analysis of socio-economic groups later in the chapter, ten polling districts representative of distinctive areas of the city were chosen and the voters' lists compiled from enumeration data for the 1967 municipal elections, were examined.⁶ Figure 3:6 shows the location of these polling districts and Figure 3:7, the ethnic origin of the population of voters in each. While the analysis is subjective, it confirms the preceding discussion in that a high concentration of Italians occurs in the James Street, Korah Road and Bayview areas, and of East Europeans in Bayview, while Anglo-Saxon and Scandinavian elements are stronger in the city centre and in districts in the north and east.

It is clear that certain ethnic groups are large enough and exist in masses cohesive enough to have affected the nature of retail outlets now and in the past. Several examples of such effects will be presented at this point and analysed more fully in Chapter IV. Ethnic groups will bring with them to a city demands for specific products and services characteristic of their culture, but unobtainable in outlets oriented to Anglo-Saxon tastes; these demands may exist in

6 City of Sault Ste.Marie, List of Voters, 1967. (Sault Ste.Marie, 1966). The list of voters includes all persons over the age of twenty-one and lists their occupation and whether owner or tenant.

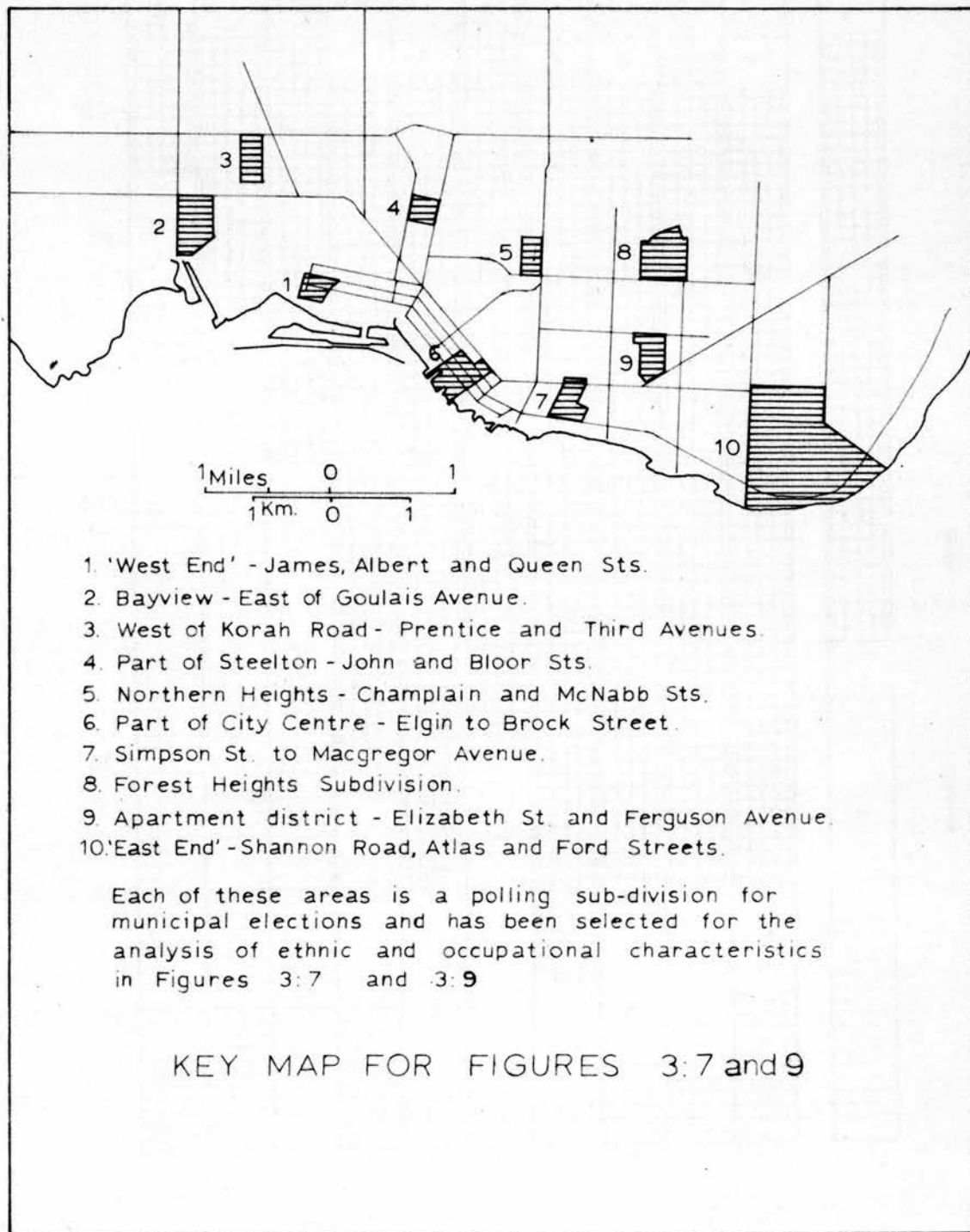
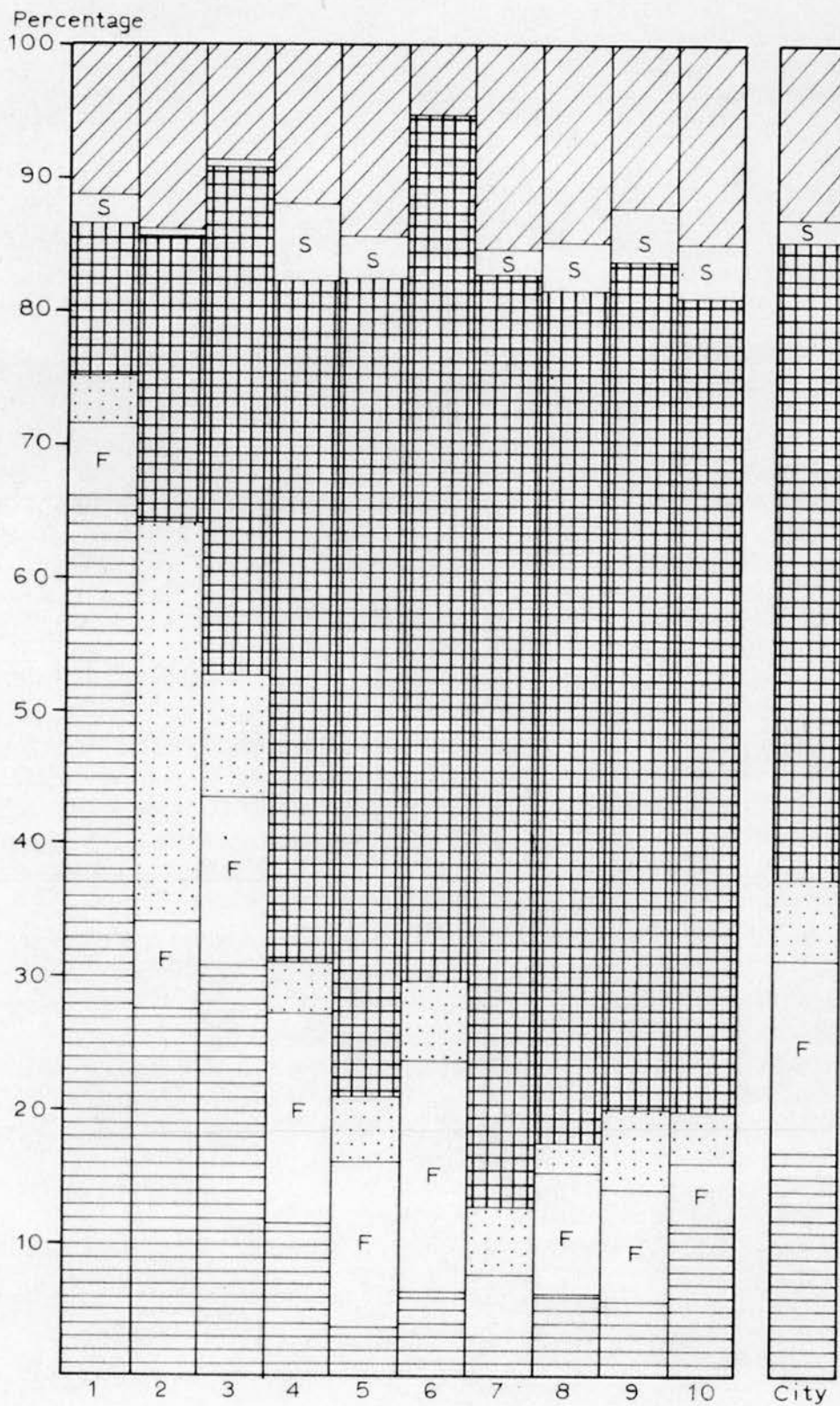


Figure 3.6



Sault Ste. Marie : Ethnic Composition
of Selected Areas by Surname : 1967

East European



French



Italian



Other European



Scandinavian



Anglo-Saxon



Figure 3:7

sufficient magnitude to account for the rise of specialised outlets. In 1922, on James Street in the Italian district, nine out of a total of twenty-five stores were listed in the City Directory as selling dry goods (textiles). Many of these were short-lived but their existence suggests a demand for clothing and materials which could not be met elsewhere; older women in this district still wear the traditional black of Southern Italy. Grocery and hardware stores and restaurants reflect in their merchandise mix the distinctive demands of the ethnic group. Also certain trends in retailing, such as the decline of the small grocery store, may be retarded by a specialist market and by the persistence of shopping habits counter to the general trend. Such effects can hardly be distinguished in a broad-based statistical analysis but are none the less important in establishing the special character of a retail area.

Frequently during this study, Sault Ste. Marie will be compared with a group of Ontario cities of similar size;⁷ the data for these centres will be used as a norm against which the present case study can be viewed. A review of the ethnic composition of these cities (Table 3:1) discloses that the Southern Ontario centres are less cosmopolitan than is Sault Ste. Marie, with the British component ranging from a low of 58.7 per cent in St. Catherines to a high of 83.9 per cent in Peterborough in 1966. However, East Europeans are strongly represented in Oshawa and St. Catherines. Northern Ontario centres have a more diversified population with strong French, Italian and East European elements but no city in the group parallels Sault Ste. Marie in the importance of its Italian population.

7 Ten cities (including Sault Ste. Marie) have been chosen; seven are in Southern Ontario (Brantford, Guelph, Kingston, Oshawa, Peterborough, St. Catherines and Sarnia) and the remainder in Northern Ontario (Fort William and Port Arthur - now combined as Thunder Bay - Sault Ste. Marie and Sudbury). These cities were the only ones in Ontario with populations in 1961 between 50,000 and 100,000. In 1971 their populations ranged from 57,000 to 153,900; the average of 84,160 was close to Sault Ste. Marie's population of 78,175. Henceforth in the study this group will be referred to as "the Ontario cities", or "the Ontario city group".

TABLE 3:1

MAJOR ETHNIC COMPONENTS OF THE ONTARIO CITY GROUP

1961^a

	British	French	Italian	German	E. Europe	Scandinavian	Other
Brantford	69.6	3.6	-	4.8	Polish 3.7	-	-
Guelph	67.5	-	10.4	7.5	-	-	Neth. 3.0
Kingston	73.7	7.1	-	3.3	-	-	Neth. 3.4
Oshawa	65.4	4.7	1.9	3.6	10.4	-	Neth. 3.0
Peterborough	83.9	4.8	-	2.7	-	-	Neth. 2.4
St. Catharines	58.7	5.8	3.9	8.0	9.1	-	Neth. 4.8
Sarnia	68.3	9.2	2.5	4.4	-	-	Neth. 3.7
Sault Ste. Marie	48.0	14.7	16.9	3.8	5.7	1.5	Other Europeans 7.7
Sudbury	33.5	36.1	7.3	3.8	Polish 2.6	1.1	Neth. 1.0
Thunder Bay							
Fort William	45.0	5.2	9.6	3.9	18.5	3.2	-
Port Arthur	40.6	7.2	7.6	3.5	12.0	5.6	-

^a No information on ethnic origin was collected for the 1966 Census.

- Under one per cent.

Source: Canada, D.B.S., Census of Canada, 1961, (Ottawa, 1963), Vol. 1.2-5.

OCCUPATIONAL STRUCTURE

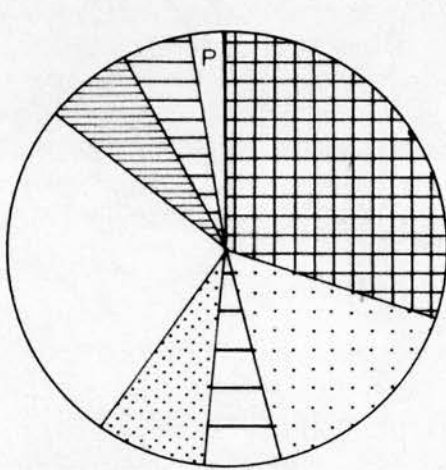
Sault Ste. Marie is primarily an industrial city. Statistics for 1968⁸ show that 39.2 per cent of the labour force were employed in manufacturing compared with 30.2 per cent for the Province of Ontario in 1970.⁹ As would be expected in a peripheral city, employment in wholesale trade, services, public administration and finance are below the provincial averages (Figure 3:8). The cities chosen for comparison are, with the exceptions of Kingston and Thunder Bay, manufacturing centres; Sudbury may be similarly classified with 32.0 per cent of its labour force in mining, as wage rates in both occupations are similar. In these manufacturing centres, the percentage of the labour force in manufacturing ranged from 36.0 per cent in Sarnia to 49.7 per cent in Oshawa. Table 3:2 illustrates that this group of cities, with occasional exceptions, displayed employment indices, average weekly earnings and per capita disposable incomes above the Ontario and Canadian averages in 1970. That this situation is in part a result of the strong industrial base of these centres may be further demonstrated by comparing average weekly earnings by industry division: industrial composite \$126.77, manufacturing \$132.71, trade \$100.47, finance, insurance and real estate \$120.52 and services \$90.64.¹⁰ The occupational structure of a city is important to retailing indirectly; it will affect the stability of employment and the wage levels and, therefore, the incomes of the city population. High per capita income will be reflected in high sales per capita and in higher sales per average store. Further, the consumer's preferences alter with increasing income and his judgment becomes more selective;

8. Industrial Inventory, Section 12, p.5.

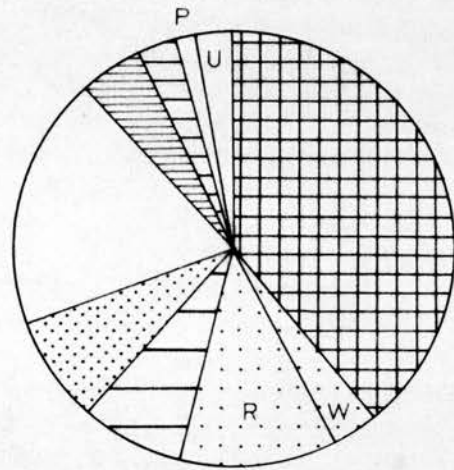
9. Survey of Markets 1971, p.115.

10. Ibid., p.33.

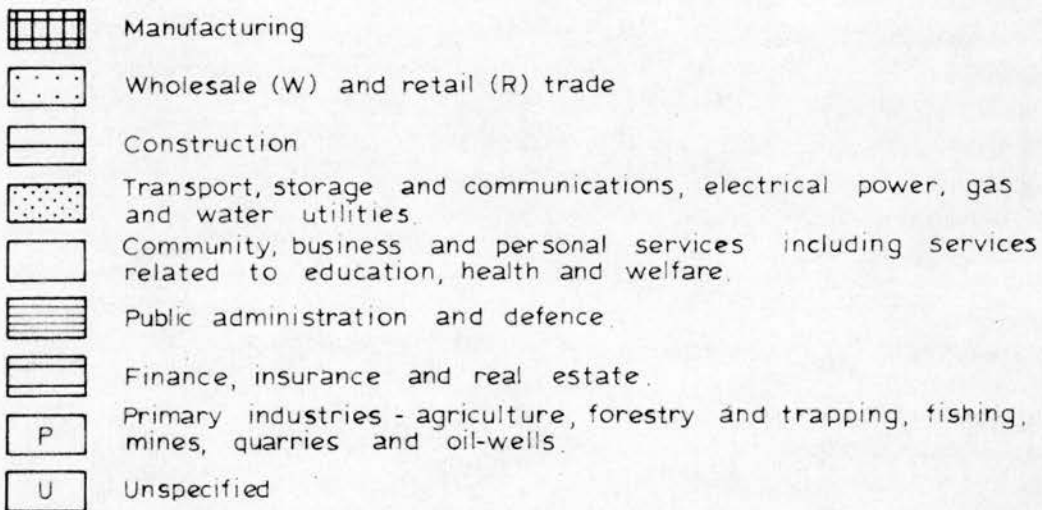
EMPLOYMENT BY INDUSTRY DIVISION –
ONTARIO :1970, SAULT STE. MARIE :1968



Ontario 1970



Sault Ste Marie 1968



Source: Ontario - Statistics Canada Cat. No. 66-001
Sault Ste. Marie - City of Sault Ste. Marie Industrial Inventory 1970

Figure 3:8

TABLE 3:2EMPLOYMENT CHARACTERISTICS: ONTARIO CITY GROUP 1970

	1961 = 100		1961	
	Employment Index ^a	Ave. Weekly Earnings ^a	Percent. in Manufacturing ^b	Per Capita Disposable Income ^a
		Dollars		Dollars
Brantford	130.7	117.20	43.0	2,690
Guelph	141.2	120.94	37.6	2,760
Kingston	125.5	121.23	19.9	2,970
Oshawa	140.8(1969)	145.28	49.7	3,280
Peterborough	142.1	131.26	40.0	3,130
St. Catharines	133.1	139.59	41.2	3,160
Sarnia	136.0	162.05	36.0	3,710
Sault Ste. Marie	124.0	149.10	40.0	3,550
Sudbury	131.9	145.28	12.8 + 32.0 in Mining	3,600
Thunder Bay	125.6	124.56	17.3	2,910
Ontario	131.6	131.45	30.2	2,820
Canada	127.1	126.77	25.2	2,500

Sources: a. Survey of Markets 1971, pp.132-174.
b. Canada, D.B.S., Census of Canada, 1961.
Vol.3:2-2 (Ottawa, 1963).

rising incomes will affect the disposition of sales amongst major categories of goods and services.

Attention should be paid also to the percentage of the labour force employed in retail trade. In the Ontario cities, this varies within narrow limits (from 10.5 per cent in Kingston to 13.7 per cent in Peterborough) and such variations may be related to the size of the market area served by the centre. Labour, as reflected in labour costs and employees per store type, is a major input (and the one most easily measured) into the retail system. Labour inputs will be discussed fully in Chapter V.

PERSONAL INCOME

In the previous section, attention was drawn to the relevance of occupational structure to retailing through its relationship with personal income.

Major changes in personal incomes have taken place in this century in Canada. Between 1926 and 1970, the personal disposable income of Canadians increased by nearly six times; real income increased by over two and a half times (Table 4:1). Similar comparisons cannot be made for Sault Ste. Marie as income statistics for cities were not incorporated in the Census until 1961. However, between 1961 and 1970, statistics show a higher level of income and a higher rate of increase in Sault Ste. Marie than in the nation as a whole. This is to be expected. A study by Poduluk has shown that areas:

...with the lowest incomes have: an above-average proportion of population resident in rural areas or in small urban areas; are likely to have above-average proportions of the population of non-working age, that is, under 15 or 65 and over; a higher concentration of the labour force in primary occupations such as agriculture and fishing or in unskilled occupations; and a labour force with below-average educational attainment.¹¹

11. Jenny R. Poduluk, Incomes of Canadians, Canada, D.B.S., (Ottawa, 1968) p.151.

Table 3:3 shows certain indicators of levels of personal income for the Ontario city group, for Sault Ste. Marie and for Canada as a whole. While these figures cannot be compared directly with each other because of differing criteria used for each, they do suggest that the chosen cities enjoy higher income levels as a whole than the Province of Ontario and the nation, and have a higher proportion of their wage earners in the middle and upper income brackets.

The impact of income on retail sales will be considered in detail in Chapter IV; however, the following broad effects may be noted here:-

1. As income rises, so do retail sales per capita. Between 1926 and 1970, per capita retail sales increased by 4.79 times; deflated to take into account price rises, this represents a true increase of 2.18 times, though the proportion of retail sales to income has declined over the period (Table 4:1).
2. As personal income rises, sales of higher order or "luxury" goods rise at a faster rate, while non-durable goods, such as food, consume a smaller proportion of the family income.
3. What is true above of a time series, is also true of a cross-sectional series. Similar effects will result as wealth is distributed more equitably and the proportion of middle and upper income families in a community increases.

SOCIO-ECONOMIC GROUPS

As data by census tract are not available for Sault Ste. Marie, the information for this section was derived from the polling lists referred to on page 65. From these lists, the occupation of voters was classified according to occupational groups and calculations were made of the percentage of voters gainfully employed and renting their

TABLE 3:3

SELECTED INDICATORS OF INCOME
CANADA, ONTARIO AND ONTARIO CITY GROUP

	Average Income ^b by Families 1961	Average Income by Taxation Return ^a 1969	Taxation Statistics by Income Class 1969 ^a					Per Capita Disposable Income ^a 1970
			Under \$2,000	\$2,000- 5,000	\$5,000- 10,000	Over \$10,000		
			Percentage of Total					
	\$	\$						\$
Brantford	5,267	5,226	22.6	31.2	39.0	7.1	2,690	
Guelph	5,591	5,348	16.6	34.5	39.5	9.4	2,760	
Kingston	5,911	5,315	24.6	31.1	34.5	9.6	2,970	
Oshawa	5,886	6,158	16.5	28.4	41.6	13.4	3,280	
Peterborough	5,696	5,459	21.5	30.2	38.8	9.3	3,130	
St. Catharines	5,782	5,903	25.4	22.5	38.7	12.3	3,160	
Sarnia	6,397	6,460	21.1	24.9	34.6	19.5	3,710	
Sault Ste. Marie	6,531	5,625	20.6	26.4	43.7	9.6	3,550	
Sudbury	6,333	5,617	19.8	29.3	40.3	10.7	3,600	
Thunder Bay	5,600	5,405	23.7	26.8	40.5	8.8	2,910	
Ontario	-	5,622	21.3	31.3	36.7	10.9	2,820	
Canada	-	5,231	22.6	34.8	33.4	9.3	2,500	

Source: a Survey of Markets 1971.

b Canada, D.B.S., Census of Canada, 1961 (Ottawa, 1964), Vol. 4:1-3, Table C4.

homes. These occupational groups by polling districts are shown on Figure 3:9.

James Street and Bayview (Areas 1 and 2). As was suggested earlier, these two areas were settled between 1901 and 1931 as a result of the attraction of industrial employment in the west of the city. Consequently, a high proportion of residents in both areas are industrial workers (over 47 per cent) or labourers (over 8 per cent). Both these percentages would be higher if the retired people were eliminated from the total; such persons account for over 12 per cent of the total, a figure one would expect in view of the period of development of these areas. In both areas, tenancy is high - 44.2 per cent in James Street and 32.0 per cent in Bayview.

Korah Road, Douglas Street and Prentice Avenue (Area 3).

Development of this area occurred in the 1950s in response to increased industrial employment; consequently, 59.5 per cent of the residents are employed in manufacturing and 8.8 per cent as labourers. A smaller proportion (7.8 per cent) are retired persons as would be expected. Tenancy at 15.0 per cent is also lower.

Steelton (Area 4). This area, like areas 1 and 2, is an old-established residential area dating from the 1920s but, being somewhat further removed from industrial zones than areas 1 to 3 and closer to commercial districts, has a lower proportion of industrial workers (41.7 per cent) and a higher proportion of workers in clerical, sales and service occupations (27.5 per cent). As befits an older area, 11.7 per cent are retired; tenancy is 21.4 per cent.

Northern Heights (Area 5). Though this area was developed in the 1940s and 1950s, its occupational structure is similar to that of Steelton, though a lower proportion of its residents are retired.

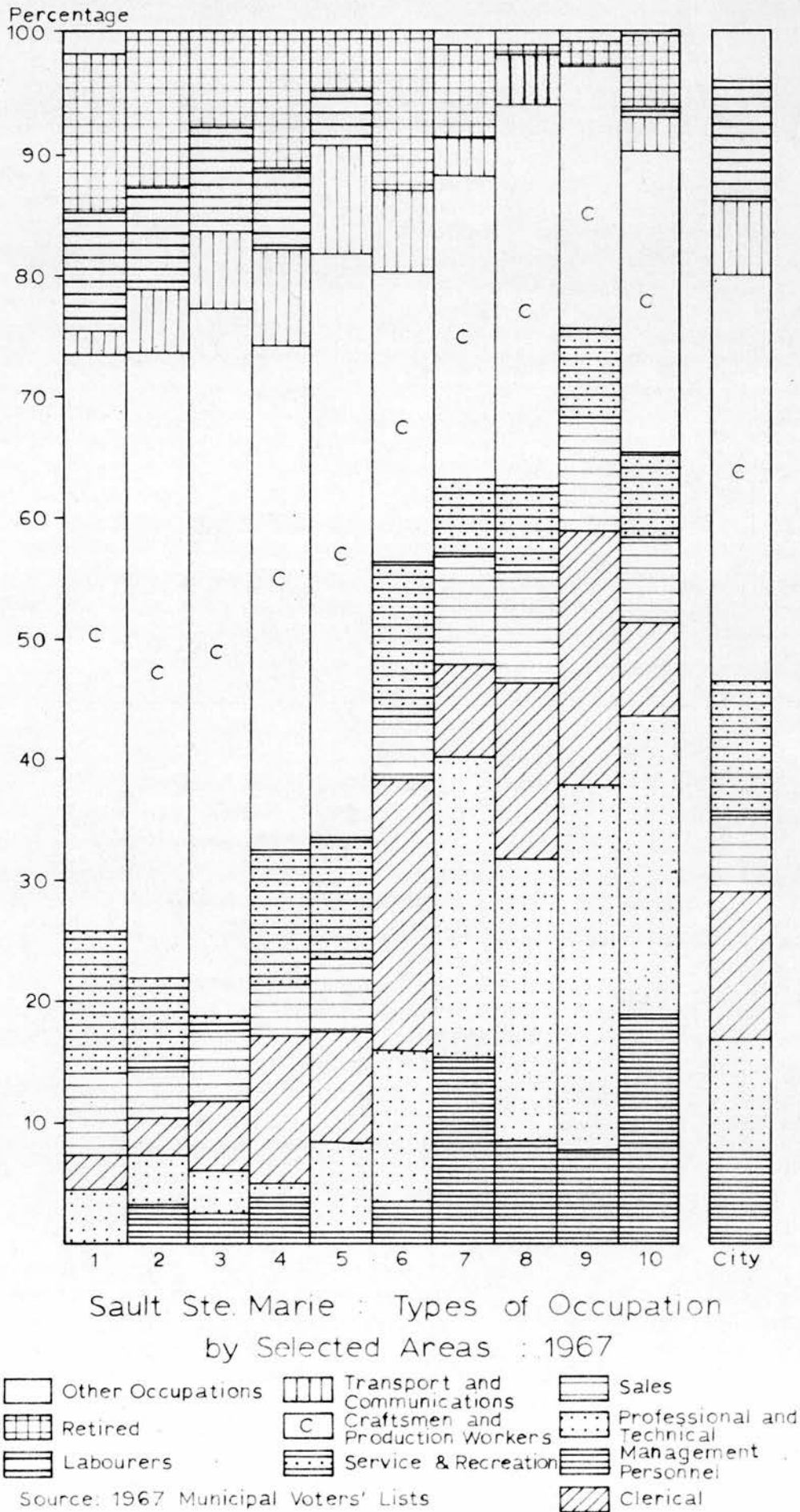


Figure 3:9

In summary of the first five areas, it can be said that areas in the western and northwestern parts of the city are characterised by a high proportion of industrial workers and a low proportion of those in managerial, professional and technical occupations. Industrial wage rates are high but in terms of per capita purchasing power these are likely to be offset by the high proportion of retired people and labourers in the population. Such areas may be classified as lower middle class.

City Centre (Area 6). This residential area along Albert and Wellington Streets on the fringe of the core, is the oldest in the city with many homes dating from the turn of the century. Some of these homes have been converted into offices or other commercial uses, while others have been subdivided into apartments or rooming houses. Many houses are still attractive and structurally sound and the proximity to the city centre has encouraged the settlement of a high proportion (40.5 per cent) of those engaged in clerical, sales and service occupations. 13.0 per cent of the population are retired. As many commercial properties are included in this area, it is not possible to calculate tenancy for residential property, though one would expect it to be high.

East of City Centre (Area 7). East of the city centre towards Pine Street is an area of older homes (1911 - 1931) as yet untouched by commercial activities. These larger homes, on large lots with pleasant tree-shaded settings, have attracted a high degree of ownership by persons in managerial, professional and technical occupations (39.9 per cent). The proximity of the two local hospitals has been a factor in the number of doctors residing in the area (Figure 3:10). Tenancy is 17.1 per cent. This area would be classified as upper middle class in terms of income and status.

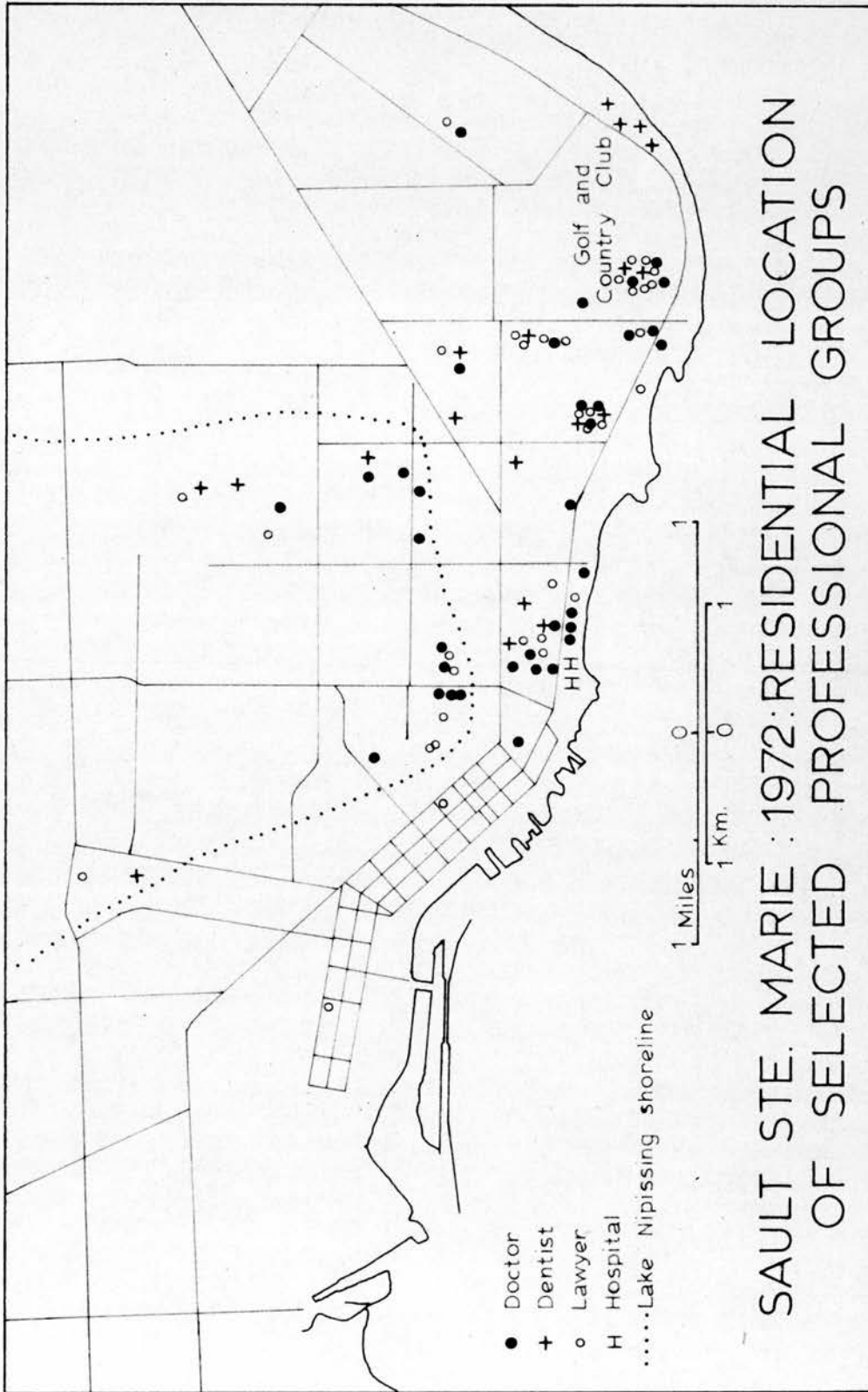


Figure 3:10

Forest Heights (Area 8). This area of modest, middle class homes was developed in the 1960s as a planned subdivision. It has a lower proportion of persons in managerial occupations than the more dignified residential area east of the city centre but strong representation in professional, technical and clerical occupations. Few retired people live in this area. Tenancy is low at 5.5 per cent. One would expect that this area's population would be younger than that of the city as a whole, suggesting that a strong demand for food, clothing and durables would be created in such new subdivisions.

Apartments (Area 9). This area north-east of Elizabeth and Wellington Streets is largely, though not exclusively, composed of apartments; tenancy is 66.2 per cent. 67.5 per cent of the persons in this district are employed, which suggests a large number of young married families of which both members work. This district has the lowest percentage of industrial workers of any of the selected areas and high proportions in the professional, technical, clerical, sales and services categories - 74.9 per cent of the total. The frequency of two salaries per family and a high population density would ensure a high buying power in the area and the location of the Churchill Plaza Shopping Centre close by is notable in this regard. A similar association occurs between the apartment district at Allard and Pine Streets and Sentry and Pine Plazas.

East End (Area 10). This large district is only partially built-up, and within it are some middle class homes and some exclusive districts in which house prices are over \$35,000. (Plate 3:3). 43.7 per cent of the population are classified in managerial, professional or technical occupations, compared with 16.5 per cent for the city as a whole.



Plate 3:3

Parkdale Drive, Sault Ste. Marie.
This upper-income residential area has been
built since 1966 in the east end of the city.
Housing here can be contrasted with that shown
in Plates 2:3 to 2:6.

New homes, many built since 1966, proximity to the Golf and Country Club and distance from industrial and commercial enterprises are factors which have made this area largely upper middle class. The concentration of doctors, dentists and lawyers (traditionally leaders in annual earnings) in this and adjoining areas is proof of its exclusive nature. (Figure 3:10).

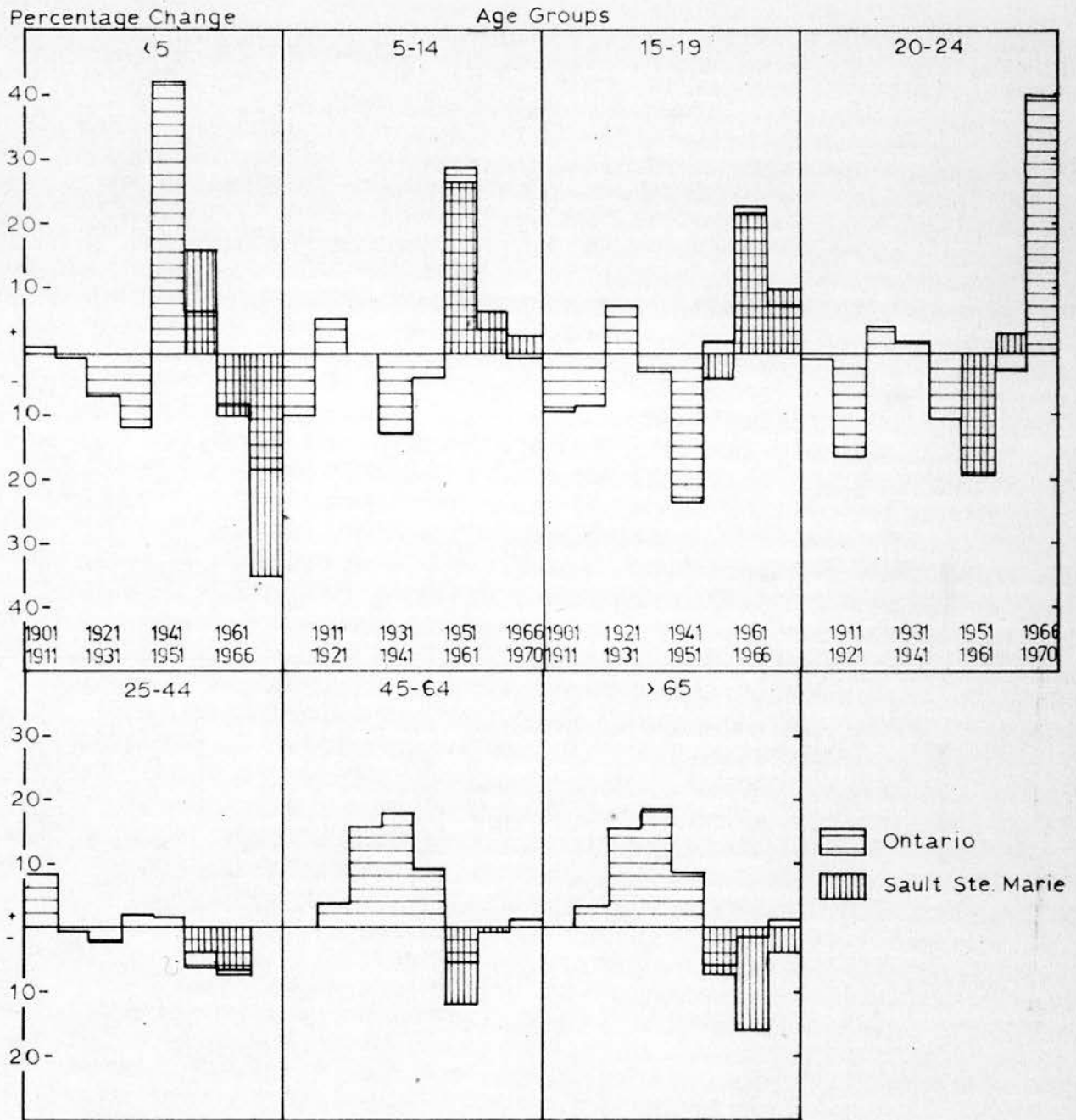
In summary, the picture that emerges is of a lower middle class sector in the west and north-west of the city, largely industrial in its employment, of a newer middle class sector in the north-east above the Lake Nipissing shoreline and an upper middle class sector along the river plain east of the city centre. That these socio-economic distinctions can be related to ethnic differences is also evident. Western districts have above-average concentrations of Italian and East European components while the Anglo-Saxon component dominates the east and north of the city. The sense of family, especially strong among the Italians, acts as a stabilising influence in the social structure of the western section of the city.

In considering the importance of socio-economic groupings to retailing, it will be suggested that market demands for more specialised merchandise will be confined by both taste and cost to higher income groupings. The spatial consequence of this may be an orientation of more specialised outlets towards specific socio-economic groups. Conversely, the mass market of lower middle class aggregations may encourage the development of modern omnibus outlets such as the discount department store.

AGE - SEX RATIOS

The growth of population within a city and, hence, of the buying power of the city's trade area, the patterns of growth within the city and the ethnic composition of the population, have been suggested as factors influencing the retail structure of a city. Even with the most stable of these conditions, the retailing structure will be influenced by the age structure of the population. Since 1901, the most significant changes in Canada have been the result of four major demographic trends: the consistent decline in the death rate over the period, the decline in the birth rate to the immediate post-war period, the high birth rate to 1960 and its decline since then. As these trends have been common to most Western industrialised nations, immigration has had only a small effect on correcting age group imbalances. Figure 3:11 shows the change in the percentage of the population within certain age groups for Ontario for census periods from 1901 to 1970, and for Sault Ste. Marie from 1951 to 1970. These figures do not show the absolute percentage change as the total market has been growing in this century; only the relative change in each age group can be inferred.

A detailed examination of the impact of these changes will be conducted in Chapter IV and at this point, only the most significant of the shifts will be noted. Each age group demands a certain range of goods and services, and changes in the number in each age group will be one of the factors in assessing the level of this demand. Baby food, children's wear, records and magazines, and sports equipment may be cited as obvious examples. In the post-war market, the strong demand from the under-fives between 1946 and 1961, from the school-age children between 1951 and 1970, from the teenagers



Source: Census of Canada, 1970 Data from Financial Post 'Survey of Markets '71'

CHANGE IN PERCENTAGE OF POPULATION BY SPECIFIED AGE GROUPINGS

ONTARIO: 1901-70
SAULT STE. MARIE: 1951-70

Figure 3.11

and young adults from 1961 through the 1970s, is predominant over the weaker demand, proportionately, from those of family and retirement age. This latter group dominated the market until 1951, largely as a result of the higher birth rates prevailing at the beginning of the century. As can be seen from Figure 3:11, the pattern for Sault Ste. Marie in the post-war period is similar to that for Ontario as a whole.

SUMMARY

Four major characteristics of the consumer market of Sault Ste. Marie emerge from this review. Firstly, post-war growth of the city has resulted in a rapid dispersion of the consumer market into low-density suburban areas and in reductions in the population densities of older residential areas close to the city centre. Secondly, a strong socio-economic differential exists between the eastern and western halves of the city. This differential is based upon the amenities of the local environment and the localisation of ethnic and occupational groups. Thirdly, non-Anglo-Saxon components are important in the ethnic character of the city. Finally, residents enjoy a level of income higher than the national or provincial averages, as a result of the high wage rates prevailing in manufacturing industries.

CHAPTER IV

FACTORIAL ANALYSIS PART 1: THE NATURE OF THE MARKET

In the preceding three chapters, the aspects of the city of Sault Ste.Marie that are germane to a study of its retail patterns were discussed at some length. In this and subsequent chapters, the influence of these factors will be considered in greater depth before being related to a detailed analysis of retailing changes in Sault Ste.Marie.

While the study of retail location and, in particular, the discernment of a hierarchy of business centres is based on classic central place theory, it is important to recognise that, as Scott has pointed out: "... retail patterns in common with the entire human landscape of which they are a part result from a complex interplay of economic, political, social and historical factors."¹ Similarly, Cohen and Lewis comment that:

So much has happened to change retail function in the past few years, that geographers can no longer rely upon single-element explanations of functions, based upon store types, frequency of purchase or price competition, to explain retailing form. Instead, a broad and comprehensive view of what is a complex subject must be adopted.²

1 Scott, p.16.

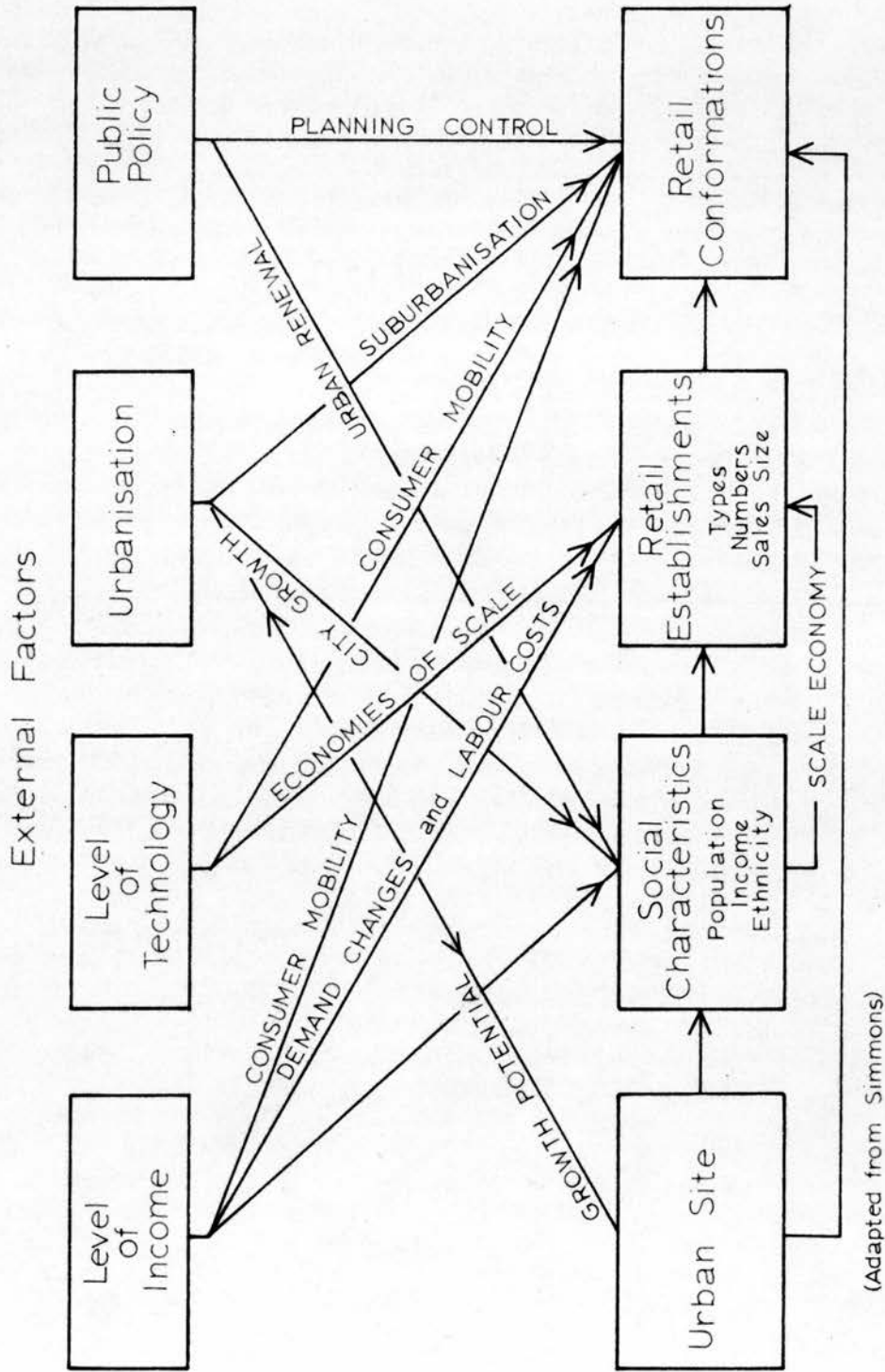
2 Cohen, Saul B. and Lewis, George K., "Form and Function in the Geography of Retailing", Economic Geography, Vol.43, 1967, p.4.

The applicability of central place theory to retail location will be considered in Chapter IX as part of the analysis of retail conformations in Sault Ste. Marie; the focus of this and following chapters will be on the factors to which Scott refers and which are illustrated in diagrammatic form on Figure 4:1. Though this diagram will not be referred to continually, it is to be understood that it incorporates relationships that are basic to the entire study. It will be referred to also in the concluding chapter (Chapter XII). To avoid unnecessary repetition, the changes in the nature of Canadian society will be discussed in this chapter, with succeeding chapters being devoted to technological changes and public policy.

Major changes have taken place in Canadian economy and society since 1900, changes which are reflected in the growing maturation and sophistication of the marketing system. The twentieth century in Canada has been marked by a rapid rise in industrial output, especially since 1914, and by the growth of the tertiary sector of its economy. Primary occupations which employed 44.3 per cent of the labour force in 1901 employed 12.8 per cent in 1961, while employment in the tertiary sector rose from 35.7 per cent in 1901 to 67.1 per cent in 1961.³ The wealth of its citizens has increased as a result. Population, still predominantly rural in 1900, has become increasingly concentrated in large and medium-sized cities. By 1961, 77.3 per cent of the population of Ontario was classified as urban as compared with 40.3 per cent in 1901.⁴

3 Census of Canada, 1961, Bull 3:1-1.

4 Leroy O. Stone, Urban Development in Canada, Canada, D.B.S. (Ottawa, 1967) Table 2:2, p.29.



FACTORS INFLUENCING RETAIL CHANGE

Figure 4.1

In 1900, the economy was based on primary production from agriculture, fishing, forestry and mining. Some factory industry had developed in the latter part of the nineteenth century; these industries normally processed local raw material for local markets, examples being flour milling, sawmilling, brewing and the making of textiles and furniture. In 1900, Canada's population was 5,370,000 and the small size of the total market coupled with its high degree of dispersion, its limited purchasing power and the poor development of transportation, especially road transport, limited the geographical size of the industrial market. Part of the manufacturing function was carried out by local craftsmen and a degree of local self-sufficiency was evident even in small towns. In 1901, when the population of Sault Ste. Marie was 7,169 and that of the two townships of Korah and Tarentorus 1,417, the City Directory listed a number of occupations which involved manufacturing functions for the local market. Such occupations included boat building, blacksmithing and horseshoeing, brewing, butter manufacturing, cigar making, dressmaking, harness manufacturing, shoemaking and wagon building. In many cases, production and retailing functions were combined into one. For example, one of the dominant retail outlets, at least in rural areas, the general store, combined wholesaling and retailing functions by stocking commodities in bulk. Sault Ste. Marie depended to a large extent on lake vessels and on the railway for transport of people and goods but in the winter when ice closed the lakes to navigation and snow disrupted rail traffic, the city was semi-isolated and hence required some degree of self-sufficiency.

Increased industrialisation, growing population and increased efficiency of transportation have made the distributive process more complex in that a wider range of products must now be assembled, classified, sorted and packaged for final distribution. Additionally, though the concentration of population in urban areas has eased the handling and transport of goods to some extent, the consumer now requires packaging in smaller, more convenient lots, as for example, of grocery and hardware items. The more unspecialised outlets such as the general store have virtually disappeared, as have most of the local manufacturing trades. Only dressmaking, tailoring and brewing are now represented in Sault Ste. Marie, the first two on a much reduced scale.

It is against this background of change that the discussion of causes of change must be set and while it is primarily economic in character, there have been important related social changes.

POPULATION GROWTH

Between 1901 and 1971, the population of Canada increased by more than four times, from 5,371,000 to 21,568,000. Over the shorter term for which retail sales and personal income statistics are available, the growth has been 2.26 times, from 9,451,000 in 1926 to 21,377,000 in 1970. During the same period, retail sales in Canada rose by 10.82 times. Almost half of this growth was due to inflation, the remainder to population growth and increases in per capita income (Table 4:1). As a result of population growth alone then, the distributive system had doubled in volume since 1926. City populations have grown at a greater rate, however, reflecting the rural-urban shift in the population. The population of the Ontario

TABLE 4:1

GROWTH OF RETAIL SALES, POPULATION, GROSS NATIONAL PRODUCT
AND DISPOSABLE INCOME IN CANADA 1926 - 1970

	Retail Sales		Retail Sales Per Capita		Consumer Price Index (1930 = 100)
	Current \$	Constant \$	Current \$	Constant \$	
1926	2,568,000,000	2,555,000,000	271	269	100.5
1970	27,793,000,000	12,570,000,000	1,300	588	221.0
Total Change over period	10.82	4.91	4.79	2.18	2.2

	Population	Gross National Product		Per Capita Disposable Income	
		Current \$	Constant \$	Current \$	Constant \$
1926	9,451,000	5,152,000,000	5,126,000,000	420	418
1970	21,377,000	84,468,000,000	38,200,000,000	2,510	1,136
Total Change over period	2.26	16.40	7.45	5.97	2.71

Source: M.C. Urquhart and K.A.H. Buckley, Historical Statistics of Canada, (Toronto, MacMillan, 1965):
 1926 Population, Series A.1, p.14, 1926: Price Index; Series J.147, p.304;
 1926 Retail Sales, Series T25, p.572.
 Canada, D.B.S., Gross National Accounts, Income and Expenditure 1926 - 1956:
 1926 Gross National Product, Table 1, p.32; 1926 Income, Table 30, p.66.
 All 1970 data from Survey of Markets 1971.

City group grew by 3.68 times, from 1930 to 1970, and that of Sault Ste. Marie by 3.24 times. By 1966, 81.6 per cent of the population of the District of Algoma, of which Sault Ste. Marie is a part, lived in urban centres over 1,000 in population. With changes in technology, primary production which is the typical economic base of Northern Ontario, has become increasingly concentrated in the mining or lumbering town.

Retail sales, then, have grown proportional to population and the concentration of population in urban areas has enabled the retail store to reach a larger market. The size of the retail market is also affected by the increase in per capita income which will now be considered.

CHANGES IN INCOME

As Table 4:1 shows, between 1926 and 1970, the Gross National Product rose over sixteen times from \$5,152,000,000 to \$84,468,000,000. In response, between 1926 and 1970, personal disposable income rose from \$3,961,000,000 to \$53,595,000,000. When these figures are adjusted for population growth and for inflation, the rise in per capita disposable income is 2.71 times, from \$418 to \$1,136. In the same period, per capita retail sales in real terms rose from \$269 to \$588 or 2.18 times (Table 4:1). While a close correspondence exists between the rates of growth of income and of retail sales per capita, it is apparent that the latter has increased at a slower rate. Though fluctuations in the ratio of sales to income have occurred, notably during the Depression, the Second World War and the buying spree that followed, the tendency has been for a decreasing proportion of the consumer's dollar to be spent in retail stores. In 1926,

retail sales were 64.3 per cent of disposable income but in 1970 were only 51.8 per cent. As income rises, there are changes in consumption patterns which will be examined in the following section. Incomes in Sault Ste. Marie and the Ontario City Group are higher than in the nation as a whole, reflecting regional disparities between Ontario and other, less affluent Canadian provinces and between urban and rural areas. The effects of population and income on retail stores will be more evident, therefore, in city areas than in the nation as a whole.

TABLE 4:2

RATIOS OF SALES PER STORE, NUMBERS OF STORES AND PERSONS PER STORE: 1930 AND 1966: CANADA, THE ONTARIO CITY GROUP AND SAULT STE. MARIE.

	Canada		Ontario Cities	Sault Ste. Marie
	1930	1966	1966	1966
Sales per store (1930 \$)	100	337	326	368
Number of stores	100	128	149	135
Persons per store	100	152	213	214

Source: Table 7:4 Fuller data are provided in this table.

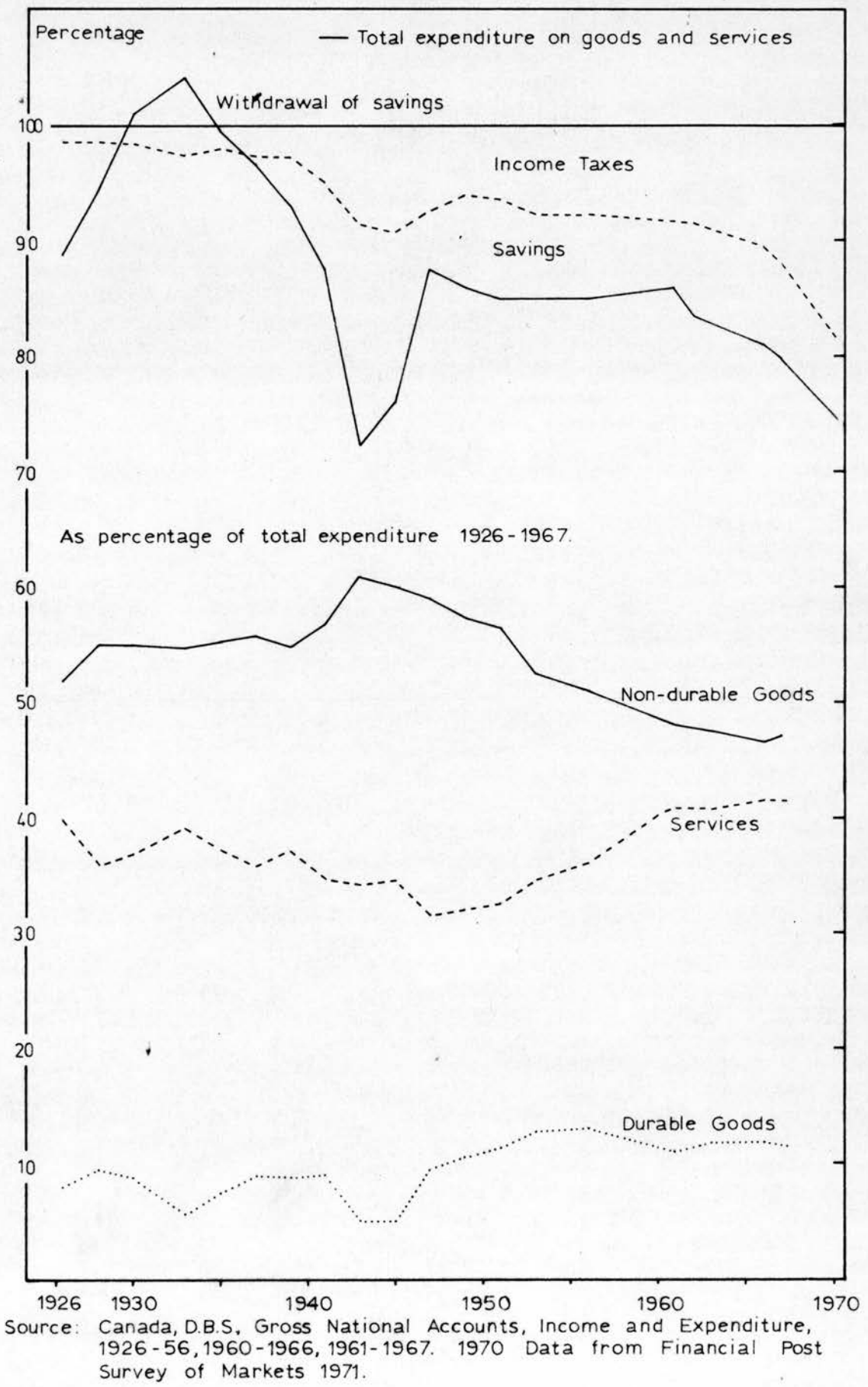
How have retail stores responded to the larger market presented by these population and income changes? First, the number of stores has increased. Table 4:2 shows that such an increase has taken place since 1930. Second, and much more important, the average size of stores has increased. In real terms, sales per store had

more than tripled by 1966, and the average store in the city areas served twice as many customers as it did in 1930. Higher values for the city areas reflect the concentration of population in urban areas and illustrate that retail stores are thereby able to practise economies of scale more easily. The advantages of scale economies will be explored in Chapter V. Finally, though the gross data of Table 4:2 obscure this fact, certain types of store such as the supermarket and discount department store, have taken advantage of this growth while other types such as the general store have virtually disappeared from urban centres.

CHANGES IN CONSUMPTION

The data used in the preceding discussions do not take into account the changes in consumption that have accompanied the rise in income and the influence of technology. Not only are Canadians now spending less of their income in retail stores but also what they buy has changed. Figure 4:2 shows the disposal of personal income in Canada between 1926 and 1970. Income is disposed of by expenditures on goods and services, by savings and by income taxes. Subtraction of taxes from personal income gives the level of personal disposable income.

Prior to the Depression, expenditures on goods and services were high in relation to income. However, the onset of the Depression in 1929 brought unemployment and falling incomes; per capita retail sales fell between 1929 and 1934. The consumer financed his purchases of necessary goods and services out of savings in the amount of \$1,187,000,000 between 1929 and 1936. Only the proportion of non-durables to total consumption remained constant during this period. As incomes rose again in the late 1930s, additional income was devoted



DISPOSAL OF INCOME IN CANADA : 1926 - 1970

Figure 4:2

to replacing savings rather than to expenditure and the ratio of sales to income therefore fell.

This ratio fell even more during the Second World War; by 1943, expenditure on goods and services was only 72.3 per cent of income. Wartime shortages reduced sales of durables; only non-durables increased as a proportion of consumption. Savings reached almost 20 per cent of income and between 1942 and 1945, over \$6,000,000,000 was saved.

Between 1945 and 1947, retail sales in real terms rose 35.6 per cent; wartime shortages came to an end and consumers rushed to spend part of their accumulated savings. By 1947, they were spending 87.6 per cent of their income on goods and services. By 1951, consumer expenditure had levelled off at 85.0 per cent of income and the relative proportions of expenditure, income tax and savings remained stable until 1961.

After 1961, expenditure decreased sharply to 73.0 per cent of income in 1970 while income tax rose sharply to 19.4 per cent. Total expenditure on goods and services continued to rise as population and income rose but at a slower rate. Retail sales increased only slightly between 1961 and 1970 and fell as a proportion of income.

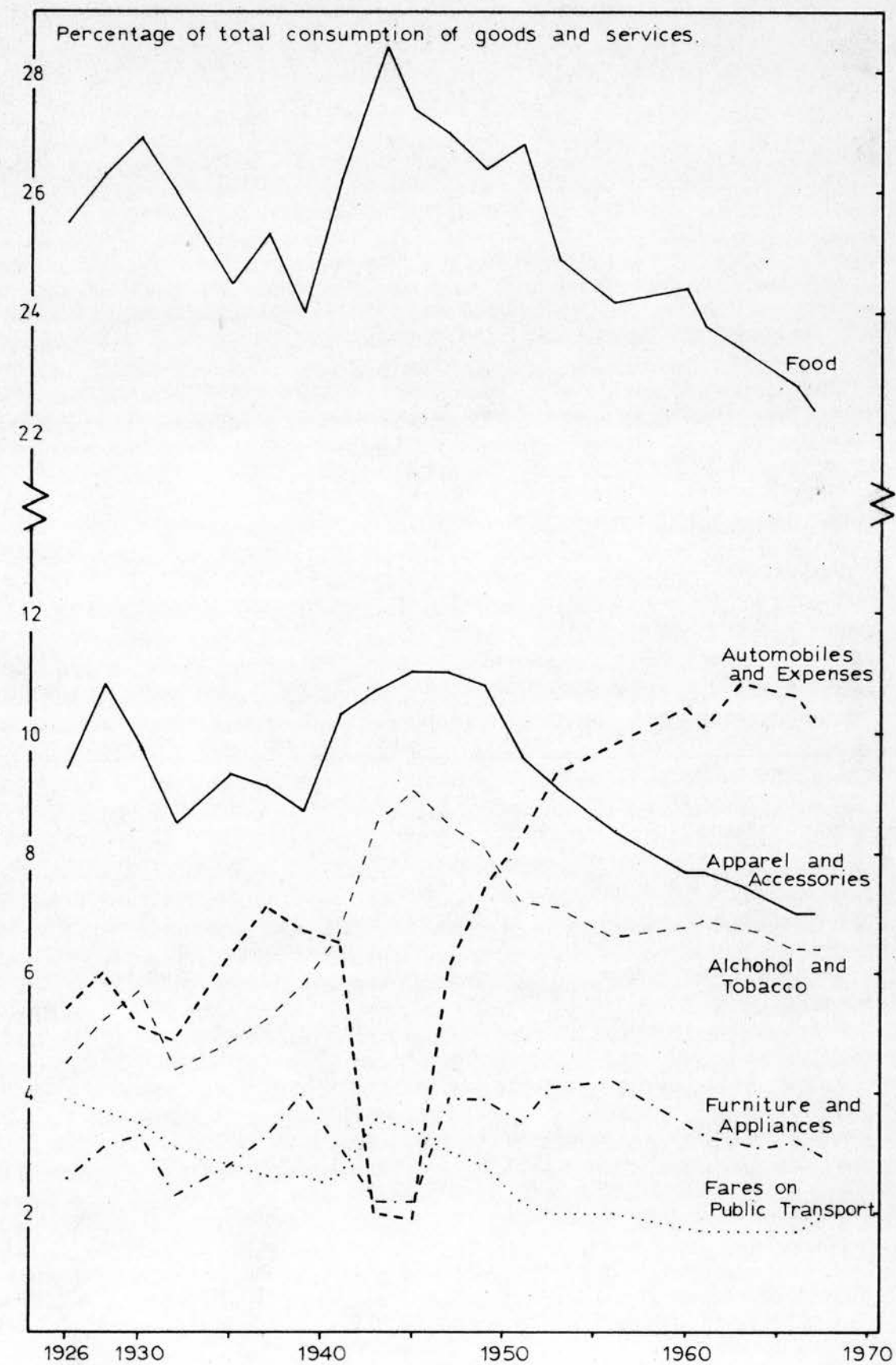
Changes have also taken place in the nature of goods and services demanded by Canadians over time. Figure 4:2 shows the proportion of consumption devoted to non-durable and durable goods and services. Durable goods include automobiles, home furnishings, furniture and appliances, radio and television sets, jewellery, watches, toys, sporting goods, tools and garden equipment. Prior to 1947, durables accounted for 9.5 per cent of consumption, the proportion declining during the Depression and the War. The proportion increased in the

post-war spending spree and has been fairly stable since 1956. Non-durable goods such as food, clothing and accessories, tobacco and alcoholic beverages declined from a wartime peak of 61.0 per cent to 47.0 per cent in 1967. Services rose in the post-war period to account for 41.4 per cent of expenditures in 1967.

The use of gross categories obscures important commodity shifts within each. Figure 4:3 shows a more detailed breakdown of commodity expenditure as a percentage of consumption.

Non-durable goods. All components of this group demonstrate similar patterns. After reaching peaks in 1929 or 1930, each component declined during the Depression to recover again during the War years. Since then, each has shown a steady decrease - food, clothing, alcohol and tobacco accounted for 48.0 per cent of consumption in 1943 and 34.8 per cent in 1967. Food and clothing stand at lower levels than in 1926, while tobacco and alcoholic beverages are higher.

Durable goods. The effect of the Depression and the War on expenditure on automobiles, and furniture and appliances is evident. The post-war market for both has been strong, exceptionally so in the case of automobiles; however, the proportion of income expended on furniture and appliances has declined since 1956. Expenditures on the automobile and its needs have significantly affected the retail pattern, bringing to life new types of retail outlet and widening trade areas by increasing mobility. These effects will be discussed later in this chapter.



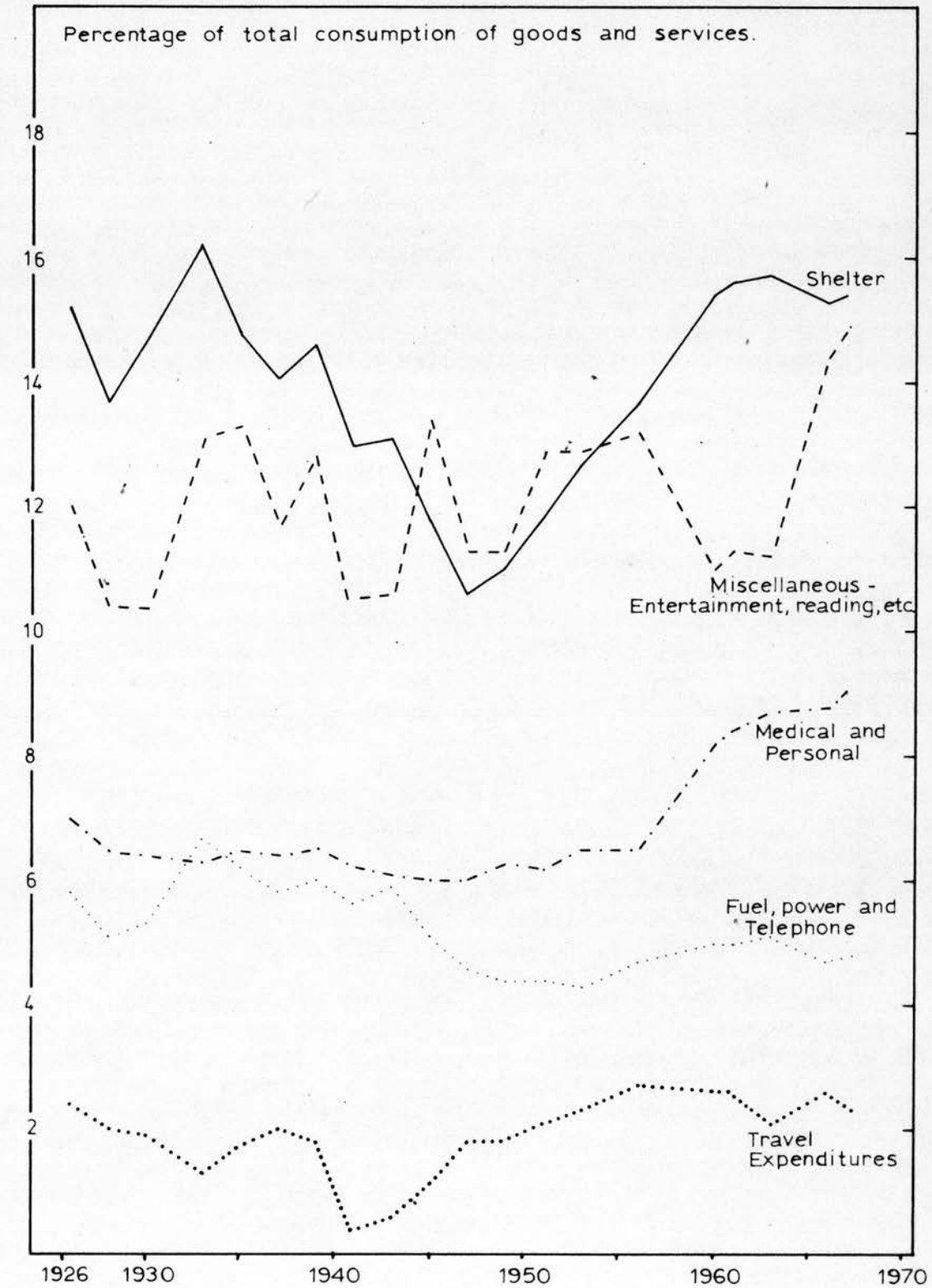
COMMODITY EXPENDITURE IN CANADA : 1926-1967

Figure 4:3

Services. Figure 4:4 shows expenditure on types of services as a percentage of total consumption. While service establishments are not retail outlets and as such are outwith the scope of this study, they are of some significance in that the rise in service expenditures is the corollary of declining expenditures on goods. Further, service establishments should be taken into consideration in the establishment of a hierarchy of business centres (Chapters X and XI).

The provision of shelter has been the most important expenditure in the services' group, accounting in 1967 for over 15 per cent of consumption. Population growth, suburban expansion and desire for home ownership were reflected in the rise of housing completions from 81,200 in 1948 to 201,232 in 1971⁵ - a period in which population increased by 68 per cent. The demand for housing was one condition which helped to maintain expenditures on furniture and appliances until 1956. Expenditures on medical and personal services, after remaining fairly stable between 6 and 7 per cent until 1956, rose to 9 per cent in 1967. Fuel, power and telephone services declined as a proportion of consumption, while the miscellaneous category which includes various types of recreational expenditures, showed an upward though erratic movement since 1926.

5 Canada, D.B.S., New Residential Construction Cat.64-002, Various issues.



SERVICES EXPENDITURE IN CANADA : 1926 - 1967.

Figure 4:4

These observations accord with those of Moyer and Snyder who wrote:

As a society moves toward economic maturity, its priorities shift and its pattern of consumption changes. For example, over the long term, Canadian consumers have been allocating a larger share of their consumption expenditure to such items as meat, fresh fruits and vegetables, automobiles, air travel, household durables, tobacco products, alcoholic beverages, drugs, cosmetics, hobby and sporting goods and government services. Small proportions of the budget are being spent on such things as cereals, potatoes, clothing, footwear, shelter, domestic service, soap and cleaning supplies, and rail and ship transport.⁶

So far, this discussion has concentrated on consumer demand with income changes over time at a national level. Are these consumption patterns, nationally, similar to those of individual cities? Table 4:3 summarises the results of a survey of consumption of a sample of households in eleven Canadian cities in 1964. As the average figures do not differ markedly from the national ones, certainly not to any greater extent than individual differences between cities, it can be assumed that city and national patterns are similar. Tables 4:3 and 4:4 show changes in consumption for households of different income levels. There are some similarities and differences between this cross-sectional series and the previous time series.

In both, the proportion of income devoted to goods and services declines with rising income. So, too, do expenditures on food, tobacco and alcoholic beverages. As incomes rise, expenditures for recreation, education, reading, taxes and savings increase. This is

6 M.S. Moyer and G. Snyder, Trends in Canadian Marketing, Canada, D.B.S. (Ottawa 1967), p.67.

TABLE 4:3
URBAN FAMILY EXPENDITURES IN ELEVEN CANADIAN CITIES - 1964

Income Class	Under 2,500	3,000 - 3,499	4,000 - 4,499	5,000 - 5,499	6,000 - 6,999	7,000 - 7,999	8,000 - 8,999	Over 10,000	All Classes
Percentage of Income									
Food	29.0	27.1	22.6	23.7	21.5	20.0	19.2	16.5	20.7
Tobacco and Alcohol	3.6	5.1	4.3	4.4	4.3	4.0	3.7	3.4	4.0
Clothing	6.7	7.7	8.1	8.0	8.3	8.7	9.3	9.3	8.6
Shelter	30.1	21.4	20.4	18.8	17.0	16.2	15.3	13.2	16.8
Furnishing and Equipment	2.1	5.2	3.5	4.5	4.7	5.0	4.6	4.2	4.3
New and Used Automobiles	0.4	1.5	3.2	4.3	4.9	7.2	6.2	5.8	5.2
Automobile Expenses	1.4	3.7	4.7	5.4	5.5	5.2	5.3	4.6	4.9
Personal and Medical Care	7.8	7.1	7.1	6.8	6.2	6.1	5.7	5.5	6.2
Recreation, Education and Reading	2.9	3.1	4.0	4.0	4.5	4.8	4.7	5.8	4.7
Total Consumption	92.4	90.6	85.6	87.2	84.0	84.4	81.6	75.5	82.8
Gifts	4.4	2.3	4.1	2.4	2.9	2.8	3.1	3.3	3.1
Taxes	1.5	4.7	5.9	6.4	8.2	8.4	10.3	15.1	9.4
Security	1.6	2.4	4.4	4.0	4.8	4.4	5.0	6.1	4.7

Source: Canada, D.B.S., Urban Family Expenditure 1964, (Ottawa 1968), Table 2, p.28.

TABLE 4:4

VARIATIONS IN CONSUMPTION PATTERNS - THE EFFECT OF INCOME
IN ELEVEN CANADIAN CITIES - 1964

Average Income Before Taxes	Food	Tobacco and Alcohol	Clothing	Shelter	Furnishing and Equipment	Transport	Medical and Personal Care	Recreation, Education and Reading	Savings	Gifts	Taxes
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
3,244	996	187	284	788	192	254	259	116	90	84	172
7,450	1,547	311	676	1,255	386	1,098	478	371	344	216	653
14,049	2,084	427	1,169	1,660	524	1,578	697	738	764	420	1,911

Per cent change from lowest to highest income group

433	209	228	411	211	273	621 ^a	269	635 ^a	848 ^a	500 ^a	1,110 ^a
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^a Total increase greater than for income.

Source: As Table 4:3.

also true of expenditures on automobile purchase to a certain level of income; thereafter the proportion falls, presumably because an upper practicable limit on expenses is reached. One might note that national expenditures on automobiles have not changed much since 1960 (Figure 4:3). The two series differ in regard to clothing and medical and personal care. No contradiction necessarily exists; in the case of clothing expenditures, presumably all classes spent less over time and in the case of medical expenses, the standardisation of medical care premiums (a major component) means that such premiums absorb a larger proportion of the income of the less wealthy.

Certain family characteristics were also studied by income groups for inclusion in the 1964 survey of urban family expenditures. Some of these are summarised on Table 4:5. The wealthier a family is, the larger and younger it tends to be; hence, expenditures for food, clothing, recreation and education will be higher. As a higher proportion of wealthy families are home-owners, they may spend more on household furnishings and operation. The greater proportion of car owners in wealthy groups suggests that these are the most mobile consumers; this may influence their shopping habits. No definite pattern is apparent in ethnic origin beyond the fact that non-Canadian born persons are most strongly represented in the lowest and in the middle income groups. It is difficult to be precise about these points as no cross-sectional data within income groups exist as part of this survey; however, ethnicity and consumer mobility will be referred to later in this chapter.

Finally, it can be assumed that consumption trends visible throughout the nation and in the 1964 survey would hold true for smaller centres such as Sault Ste. Marie. The proportion of retail sales to income as estimated for 1970 is similar nationally (51.8 per cent) to that in Sault Ste. Marie (51.5 per cent). Income locally (\$1,275 per capita) is higher than that nationally (\$1,136) as are retail sales per capita at \$657 and \$588 (Figure 7:2 and Table 4:1). All these values are in 1930 dollars.

What effects will these changes in consumption patterns have on retail types? Their effects will be to intensify or weaken the changes in number of stores and average sales per store that result from gross population and income changes which operate to the benefit or otherwise of specific store types. These changes will be examined in greater detail in Chapters VII, VIII and IX but the main points will be presented here.

TABLE 4:6

SALES BY BUSINESS TYPE AS PERCENTAGE OF TOTAL SALES
THE ONTARIO CITY GROUP AND SAULT STE. MARIE 1930 AND 1966

Type	Ontario City Group			Sault Ste. Marie		
	1930	1966	Ratio (1930=100)	1930	1966	Ratio (1930=100)
Small Grocery	11.8	2.9	24.6	11.6	3.8	32.8
Combination Grocery	9.4	22.5	239.3	8.6	22.6	262.8
Meat Market	2.9	0.5	17.2	6.5	na	na
General Merchandise Group	10.4	14.0	134.6	na	13.7	na
Automobile Sales	11.7	17.2	147.5	11.7	14.6	124.8
Service Station	3.1	6.2	200.0	4.1	7.7	187.9
Apparel Group	11.7	8.4	71.8	na	9.0	na

na Not available

For an expansion of this data see Tables 7:5 and 8:2
Source: Tables 7:5 and 8:2.

The declining proportion of income being spent on food, clothing and home furnishings has had the effect of slowing expansion of sales volume and number of outlets for these types of merchandise. Table 4:6 demonstrates the slower relative growth and, in some cases, the decline of sales by outlets handling such merchandise types. On the other hand, the increasing demand for automobiles and related products and services is shown by the strong growth in sales of the service station and automobile dealer. Also, when the slow growth of certain market sectors is combined with the success of certain types of outlet such as the supermarket and some general merchandise stores in achieving scale economies, the resultant squeeze on competitive outlets is intensified.

Finally, the rise and fall of specific business types may have important repercussions on established conformations of business types and may result in new conformations responsive to the changed demand. This aspect will be examined in Chapters X and XI.

While gross changes in retail types and sales are largely responsive to population, income and consumption changes, smaller ones may be effected by changes in demand brought about by ethnic groups and by changes in the age distribution of the population.

AGE-SEX DISTRIBUTION

In Chapter III, the age-sex distribution of Ontario and Sault Ste. Marie and the changing proportion of the population within specific age groups were discussed. It is appropriate to review the major aspects of that distribution as its effects on retail trade are considered. As retail trade statistics do not exist in detail prior to 1951, only the period since then will be discussed.

The Under-fives. The immediate post-war period was marked by a rise in the birth rate, a phenomenon common to most Western nations; the birth rate in Canada remained high - over 27 per thousand - until 1960 and fell rapidly ~~since then~~ to 17.6 per thousand in 1969.⁷ The percentage growth in the under-fives was therefore high until 1961 and is now negative (Figure 3:11). Up until 1966, therefore, the market for things such as baby food, clothing, and toys would be strong but could be expected to grow at a slower rate or even to decline after 1966. Retail trade statistics do not exist in sufficient detail to analyse such trends; however, in Sault Ste. Marie in 1951, there were three stores specialising in infants' and children's clothes with total sales of \$33,200.⁸ In 1966, there were six such stores with total sales of \$270,200.⁹ During this period, the population of the city grew by 1.85 times, while the sales of these stores grew in real terms by 6.4 times. In 1972, only two stores of this type remained in business.

7 Canada, D.B.S., Canada Year Book, 1970-71, (Ottawa 1971), Table II, p.215.

8 Canada, D.B.S., Census of Canada, 1951, Vol.7 (Ottawa 1955), Table 3.

9 Canada, D.B.S., Census of Canada, 1966, Vol.6.2 (Ottawa 1969), Table 2.

The Five to Fourteen Year Group - The School-Age Market. Between 1951 and 1966, the proportion of this age group in the population increased greatly but signs of a decline since 1966 are evident as a result of the falling birth rate since 1961. Clothing and food markets might be expected to be affected by variations in the size of this age group. Sporting equipment and bicycles should also be affected. However, any declines in the size of this market in the future may be offset by rising affluence among Canadian families.

The Fifteen to Nineteen Year Olds - The Teenage Market. Growth in this market continued throughout the 1951 to 1971 period, though it will cease in the late 1970s. Such a decline has strong implications for the housing market and for the youth-oriented market in the future. In the 1960s, the "teen" market affected sales of sports equipment, cars, motor cycles, "fashion" clothing, records and tape recorders, for example. Since 1970, three dealerships specialising in motor cycles and two boutiques selling youth-oriented clothing have been established in Sault Ste. Marie. In 1972, a store specialising in posters and literature aimed at the youth sub-culture opened. The demands of the teen and young adult group have also affected the types of clothing, books and other merchandise carried by more conventional retailers.

The Twenty to Twenty-four Year Group - The Young Adult Market. This group has increased only since the middle 1960s. Its market is basically an extension of the teen market, though it is a more affluent one - sports cars may supplant motor-cycles. Demand is probably heavier for recreational equipment such as skis. The number of sporting goods stores in Sault Ste. Marie increased from four to five between 1951 and 1966, but sales increased from

\$188,700 to \$932,500 in the same period;¹⁰ in real terms, the increase in sales was 3.9 times, while population increased 1.85 times. This increase would be affected by rising income, of course, as well as the demands of specific age groups.

The Twenty-five to Forty-four Year Olds - The Family Market.

Generally, the proportion of this group in the population has been declining since 1951 as a result of the lower pre-war birth rate and the rapid growth of younger age groups since 1946. Nevertheless, this market has been a major consumer of food, clothing for children, appliances, home furnishings and automobiles, though as noted some of these demands were lowered in the 1960s. The post-war strength of the market for durables and its relative weakness in the 1960s reflected the changing demands of this age group. In Sault Ste. Marie, sales by the home furnishings store group rose from \$4,769,000 in 1951 to \$7,361,500 in 1961 but fell to \$6,845,000 in 1966;¹¹ in real terms, sales increased by 1.36 times between 1951 and 1961 while population increased by 1.61 times. 1966 sales stood at 83.5 per cent of 1961 levels in real terms.

10 Canada, D.B.S., Census of Canada 1951 Vol.7 (Ottawa 1955), Table 3, Canada, D.B.S., Census of Canada 1966, Vol.6:2 (Ottawa 1969), Table 2.

11 Canada, D.B.S., Census of Canada 1951, Vol.7 (Ottawa 1955), Table 3, Canada, D.B.S., Census of Canada 1961, Vol.6.1 (Ottawa 1965), Table 2, Canada, D.B.S., Census of Canada 1966, Vol.6.2 (Ottawa 1969), Table 2.

The Forty-five to Sixty-Four Year Group - The Mature Market.

As with the preceding group, growth of the mature market has been less than for the total population. However, there is more likelihood that families in this age group will have more than one wage earner, as women return to work when children are grown up.

It is pointed out in the Survey of Markets 1971 that:

Over the past 15 years, the work force participation of women in this age group has about doubled to an average of 35-36 out of every 100 women ... Because of more working wives and the possibility of working sons and daughters, total family incomes are well above average.¹²

In this age group, maximum earning power is reached. Poduluk shows that in 1961 males between 45 and 64 accounted for 27.9 per cent of all males but for 45.5 per cent of all males earning over \$10,000 annually. In contrast, the corresponding figures for the 25 to 44 year group are 44.5 per cent and 46.0 per cent. A similar situation exists for females; the 45 to 64 year group account for 25.1 per cent of all females and 41.9 per cent of those with incomes over \$10,000 annually.¹³ Family responsibilities are considerably reduced for this age group and higher incomes allow increased expenditure on luxury automobiles, leisure activities and travel.

12 Survey of Markets 1971, p.53.

13 Poduluk, p.38, 39.

The Over Sixty-fives - The Retirement Market. Increasing longevity has increased the proportion of this age group nationally, though this has not been true of Sault Ste. Marie where the proportion has declined considerably. It is possible that the severe winter climate of Northern Ontario may induce those of retirement age who can afford it to migrate to retirement homes in more pleasant climates. In the main, incomes are low in this group; the study of urban family expenditures shows that the age average of the head of the household in the group earning less than \$2,500 annually was 61 years, the highest for any income group (Table 4;5). Demand for material goods at this stage of life is low but that for services, such as subsidised housing and health care, is high.

It must be admitted that detailed evidence to support the preceding discussion is limited by the broad classifications employed in the presentation of retail statistics. Nevertheless, enough does exist to illustrate the significance to retailers of changing demand with age and to suggest the need for careful consideration of these demands in market analysis.

ETHNICITY

The ethnic origin of the population of Sault Ste. Marie was described in Chapter III and the importance of the Italian, East European and Scandinavian elements was indicated. Italians and East Europeans were shown to be strongly concentrated in the western sectors of the city - the West End, Bayview and Korah Road areas. The Census of Canada 1951 showed that 70.1 per cent of

immigrants had come to Sault Ste. Marie prior to 1930¹⁴ and as immigration since 1946 has been primarily from other European countries, it is in the older residential areas in the west of the city that any evidence of the effect of ethnicity on retailing should be evident. It is likely that such effects would have been most evident prior to the present; as the ethnic group becomes more and more assimilated, especially in the second and third generation, the importance of its ethnicity will decline. Additionally, in Sault Ste. Marie, urban renewal plans for the West End will all but obliterate the James Street shopping area in this traditionally Italian District (Chapter VI).

One might speculate initially that as an ethnic group becomes localised in a specific area of the city in sufficient numbers, retail stores will develop to satisfy the special demands of the group for food, apparel and services not available in the existing retail structure. Also, an immigrant population may be less mobile and more resistant to change in shopping habits than the rest of the population and thus, retail types disappearing elsewhere in the city in response to national marketing trends, may persist in or near ethnic areas longer than would otherwise be the case. Studies by Murdie (1965)¹⁵ and Ray (1967)¹⁶ of consumer travel among Old Order Mennonites and "modern" Canadians in South-western Ontario, and English and French Canadians in Eastern Ontario respectively, suggest that cultural factors can significantly affect

14 Canada, D.B.S., Census of Canada, 1951, Vol.2 (Ottawa 1953), Table 15.

15 Robert A. Murdie, 'Cultural Differences in Consumer Travel' Economic Geography, Vol.41; 1965, pp.211-233.

16 D.M. Ray, 'Cultural Differences in Consumer Travel Behaviour in Eastern Ontario', Canadian Geographer, Vol.11, 1967, pp.143-156.

trade area boundaries and the mobility of the group. Finally, at the city-wide scale, an ethnic group may be large enough and cohesive enough to affect the retail mix of products within retail stores located well outside ethnic areas.

To illustrate the first of these hypotheses, the year 1926 has been chosen because it lies close to the end of the main period of immigration and before the Depression. Figure 4:5 shows the distribution of dry goods stores, meat markets and small grocery stores in 1926. The strong concentration of food stores in the West End is immediately apparent, suggesting the local ethnic demand and the persistence of the European custom of neighbourhood shopping, frequently on a daily basis. That this custom also has a social function is suggested by the Mulvihills who, in discussing daily shopping in Florence, point out that: "The pleasures of going each day from one shop to another and the sociability that accompanies this type of shopping can never be matched by a weekly trip to a business-like supermarket in an unknown neighbourhood, patronized and operated by strangers".¹⁷ Four of the city's nine stores specialising in dry goods were located in the West End; this may indicate, as was pointed out in Chapter III, the continuance of a tradition of making clothes at home in the absence of suitable apparel being available at ready-to-wear stores. No ladies'wear store existed in the West End at that time, though there were a number of tailoring establishments. The City Directory of 1926 lists numerous other types of retail and service establishments linked with ethnic groups - Finnish merchants, steam baths, bottling plants and restaurants, cigar manufacturers, Italian restaurants and

17 Donald F. and Ruth Cope Mulvihill, Geography, Marketing and Urban Growth (New York, Van Nostrand, Reinhold, 1970), p.110.

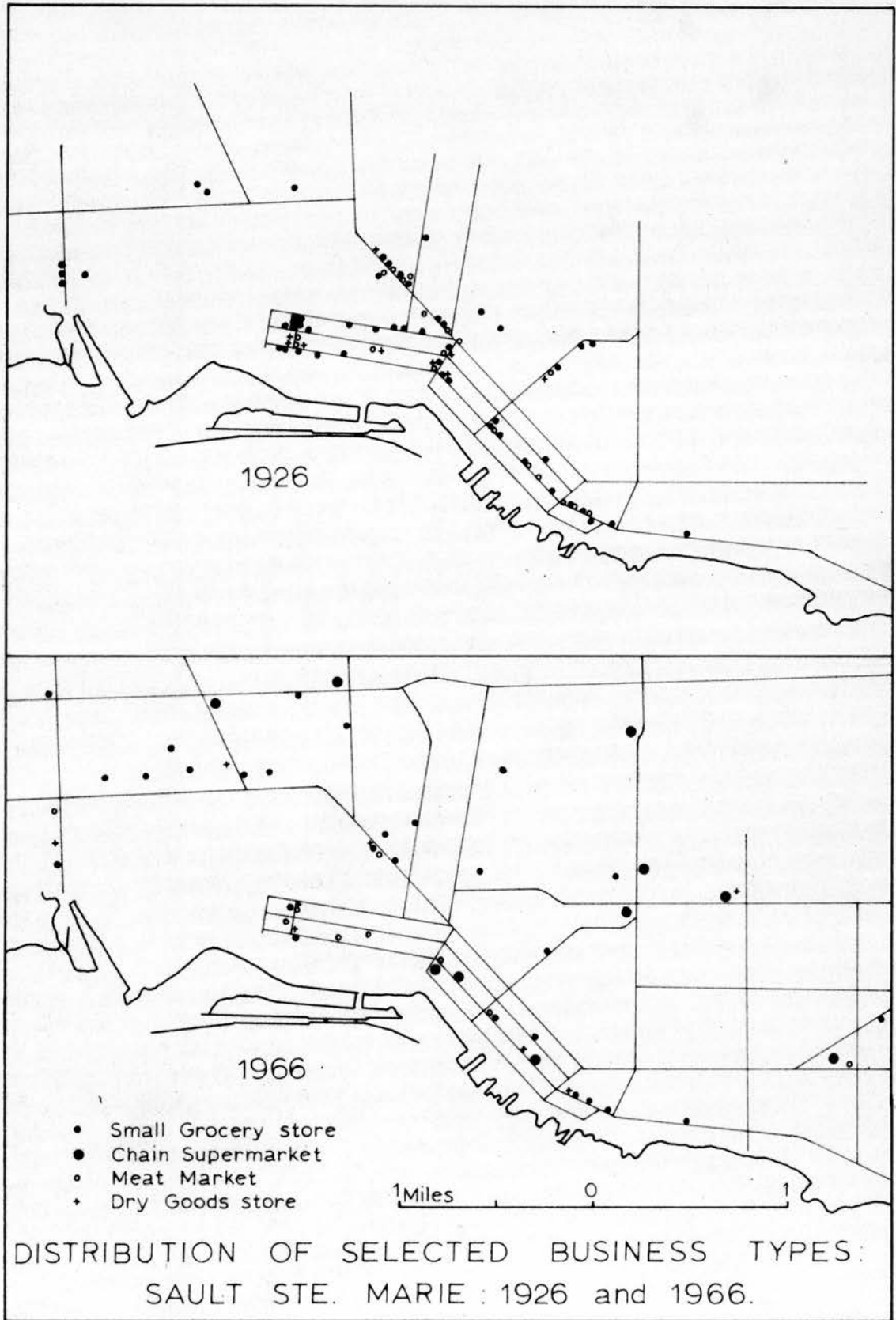


Figure 4:5

importers and a Ukrainian book store.

Figure 4:5 shows as well the distribution in 1966 of the same types of retail outlet. The reduction in the number of these stores is immediately striking, especially in regard to the food outlets which suffered in competition with the chain supermarket. The locations of chain supermarkets are shown on Figure 4:5 also; these have been established in the newer residential areas in the north and east but have barely penetrated the fringes of the older ethnic-oriented areas in the west. Though reduced in number, the general grocery store and the meat market still persist there, illustrating the second hypothesis. Of the nine meat markets still in existence in 1966, six were located west of Gore and North Streets. The persistence of dry goods stores is less clear; however, five of the city's eight stores lay west of this same line. Today, the Italian and Finnish delicatessens and restaurants still exist and the presence of Polish, Ukrainian and Croatian Halls and of Italian societies such as the Marconi and Verdi Societies, attest to the strength of ethnic affiliation.

Finally, the influence of ethnicity is felt throughout the city, especially in food stores where the merchandise, even in supermarkets, reflects the ethnic character of the city's population. Olive oil and olives in bulk, processed meat, cheese, pasta in an incredible profusion of shapes and sizes, anchovies, squid and exotic vegetables are a few of the products usually found in city grocery stores. It is in food stores today that the evidence of ethnicity can be seen most clearly.

One ethnic group has apparently had little influence on retailing; this is the French. Though French-language schools exist at the elementary level, the French population, though large, appears to have

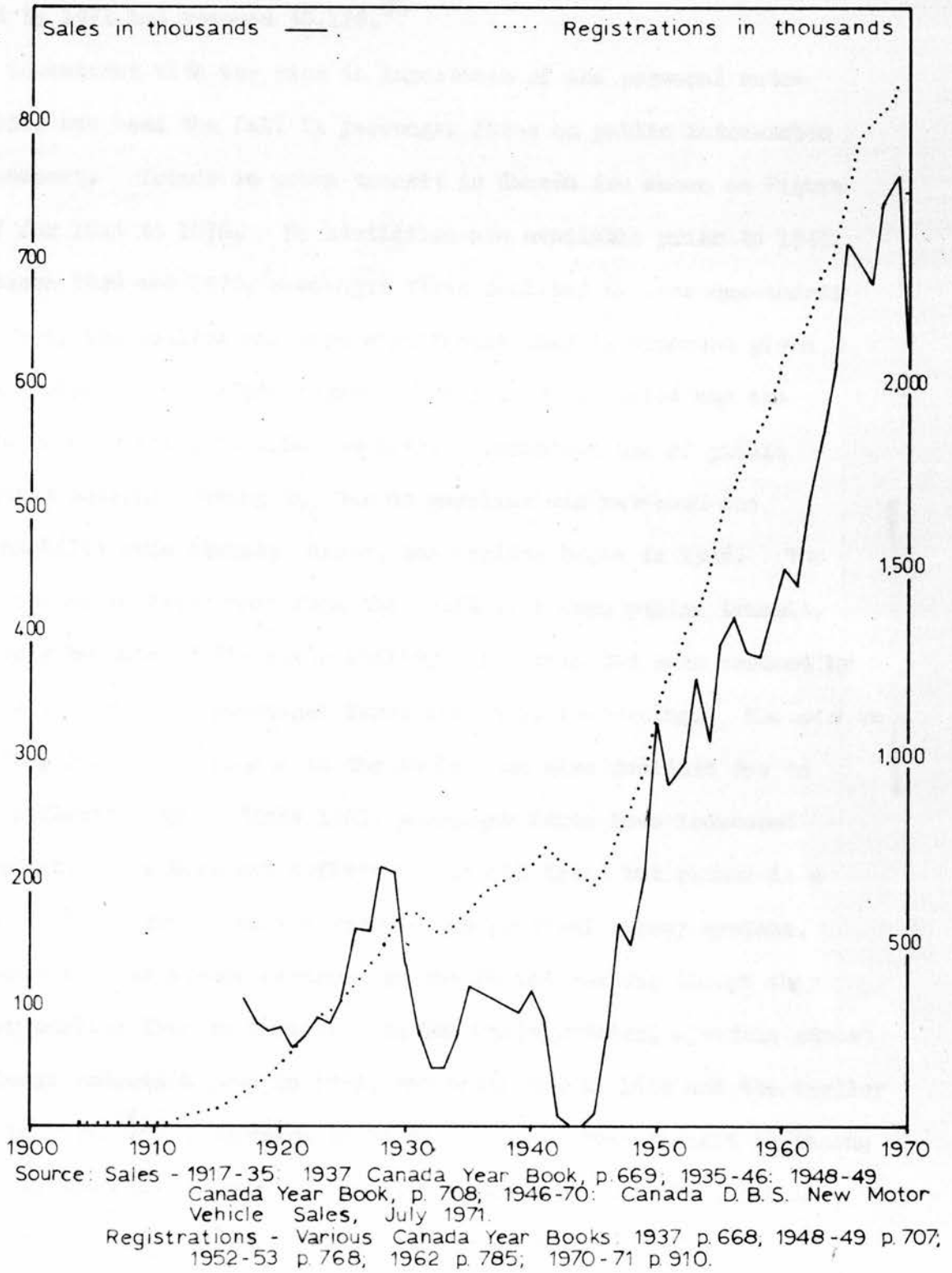
little ethnic spatial cohesion. French surnames abound but their bearers can frequently speak no French and seem to have been assimilated into the population more readily than have the immigrants from Europe.

CONSUMER MOBILITY

The increase in consumer mobility occasioned by the revolution in personal transportation has been well documented in urban literature. Homer Hoyt, for example, refers to the automobile as being one of the major factors causing distortions of the classical models of urban structure.¹⁸ The role of the automobile in shaping the growth patterns of the city and of retailing is comparatively recent in Canada - since the Second World War. Figure 4:6 shows sales of automobiles in Canada between 1917 and 1970 and registrations of motor vehicles in Ontario between 1904 and 1969. Apart from declines during the Depression and the Second World War (when private automobile production was discontinued in Canada), the trend has been one of consistent growth. In 1904, only 535 vehicles were registered in Canada - all in Ontario. By 1935, motor vehicle registrations in Canada had reached over 1,175,000 or 108 per thousand of the population. By 1946, the ratio was 125 vehicles per thousand people but then rose rapidly to 382 per thousand in 1969, close to the United States' ratio of 513. Only Oceania with 282 motor vehicles per thousand approaches North American values; European values, though rising, are far behind at 157.¹⁹

18 Hoyt, According to Hoyt, p.285.

19 U.S. Department of Commerce, Bureau of the Census, Statistical Abstract: 1970 (Washington, 1971), Table 838, p.543.



PASSENGER CAR SALES IN CANADA: 1917-70
VEHICLE REGISTRATIONS IN ONTARIO: 1904-69

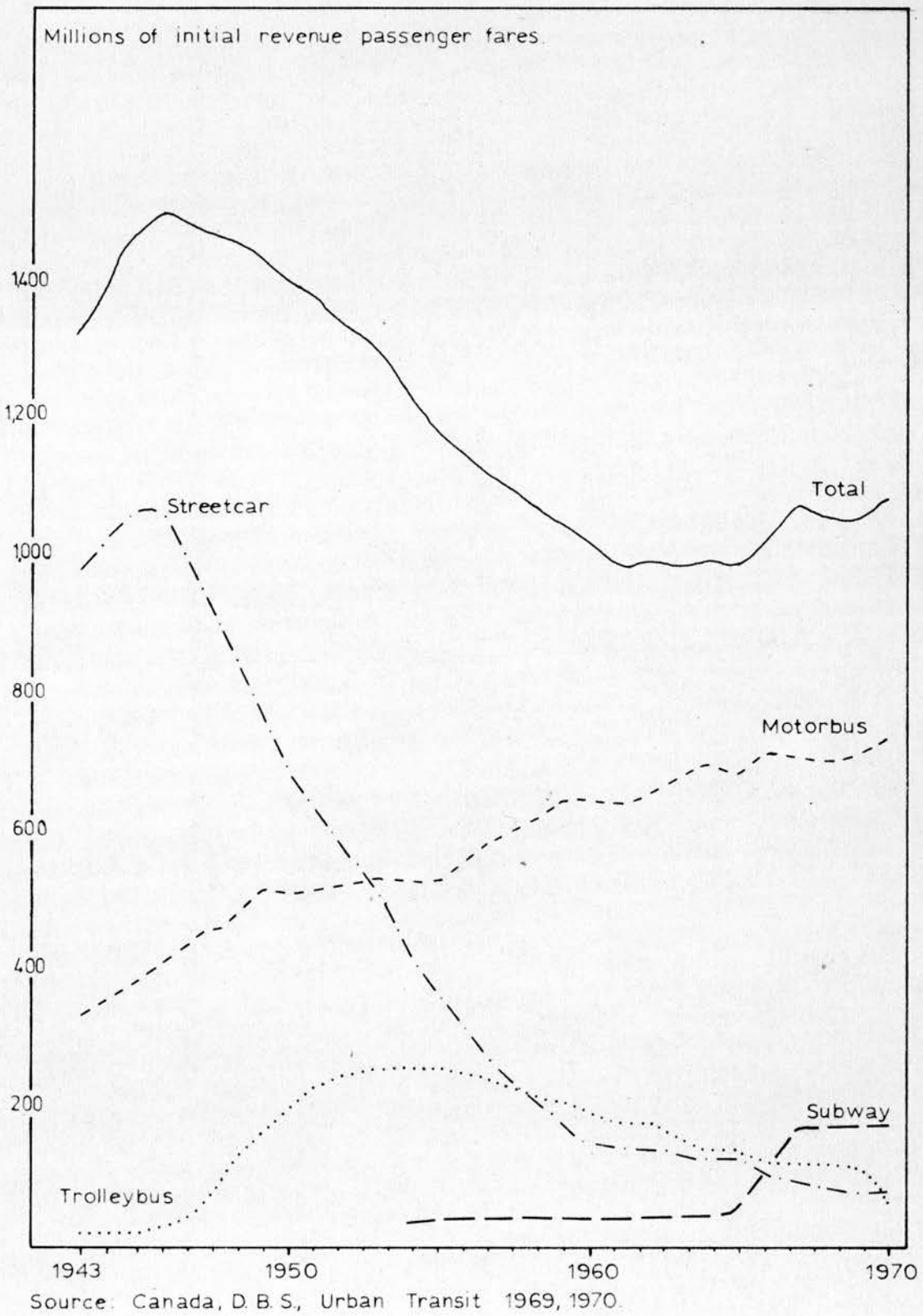
Figure 4:6

Local trends mirror national ones; the ratio in Sault Ste. Marie in 1945 was 116 per thousand and in 1971 was 386. Between 1945 and 1960, the number of motor vehicles rose from 3,824 to 18,324 and by 1971 had reached 30,126.²⁰

Concurrent with the rise in importance of the personal automobile has been the fall in passenger fares on public intra-urban transport. Trends in urban transit in Canada are shown on Figure 4:7 for 1943 to 1970. No statistics are available prior to 1943. Between 1946 and 1970, passenger fares declined by over one-third; in fact, the decline was more significant than is apparent given the doubling of Canada's population during this period and the move of population to urban centres. Increased use of public transit occurred during the War as gasoline was rationed and automobiles were scarce; hence, the decline began in 1946. The street-car suffered most from the shift away from public transit, largely because of its inflexibility; its role has been assumed by the motorbus whose passenger fares are still increasing. The use of the trolley bus, which peaked in the 1950s, has also declined due to its inflexibility. Since 1965, passenger fares have increased somewhat; this does not reflect a national trend but rather is a result of the growth of the Toronto and Montreal subway systems. Broadly similar trends occurred in the United States, though they began earlier than in Canada. In the United States, electric street railways reached a peak in 1923, the motor bus in 1948 and the trolley bus in 1949.²¹ Everywhere in North America, urban transit is facing serious competition from the private automobile; in 1970, public transit in Canada faced a deficit of almost \$10,000,000.

20 Data obtained from Mr. K.A. Sands, Director of Motor Vehicles, Department of Transport, Ontario.

21 U.S. Department of Commerce, Bureau of the Census, Historical Statistics from Colonial Times to 1957, (Washington, 1960). Series Q337-339, p. Q330-344.



URBAN TRANSIT IN CANADA : 1943 - 70

Figure 4:7

Public transit in Sault Ste. Marie began in 1902 with a single street-car line which ran along Queen Street to the Algoma Steel Corporation plant. The last street-car ran in 1942 and since then, all public transit has been effected by a fleet of motor-buses operated by the Municipality. The scattered nature of the population in the newer residential areas of the city means that bus runs are long and tedious and the Transportation Commission is always in financial difficulties - operating in 1971 with a deficit of over \$350,000. As Blumenfeld points out:

The spread of the private automobile has made the operation of public transit more difficult in three ways. First, by depriving it of a substantial portion of its passengers, it has decreased its vehicle load, necessitating higher fares or a curtailment of service, or both, leading to a further decrease in passengers. Second, by congesting the street surface which it shares with transit vehicles, it has slowed down transit movement, thereby increasing its cost of operation and decreasing its attractiveness. Third - and most fundamental and least understood - the private car has created a pattern of low density development which can no longer be served by public transportation because it becomes impossible to assemble a sufficient payload on any one line.²²

The effects of the private automobile have been many and rapid on the form of the city and on retailing patterns. As Blumenfeld suggests, the areal spread of the city in the post-war period is attributable to the automobile. Though densities of fifty persons per acre occurred in some residential areas close to the city centre, no serious overcrowding existed in the 1950s in Sault Ste. Marie and vacant land for building did exist within the confines of the city boundary. In 1966, 72.1 per cent of all dwellings in Sault Ste. Marie

22 Hans Blumenfeld, "Transportation in the Modern Metropolis", Queen's Quarterly Vol. LXVII No. 4 Winter 1961.

were single-family²³ - the tradition of individual home-ownership is strong in North America - and the attractions of space and freedom outside the city boundaries were, and still are, considerable. It was pointed out in Chapter II that lower land costs, lower municipal taxes, and the lack of zoning and building controls in the two townships were powerful inducements for home building in the rural-urban fringe and indeed, much of such building was necessary to accommodate the influx of migrants attracted by the post-war economic boom. Nevertheless, such building could not have occurred to the same degree had it not been for the freedom provided by private transportation. Rising incomes increased automobile ownership and also the demands for larger and more luxurious homes and for more open space which could only be found in suburban locations. As suburbs grew, public transport became less able to serve their populations adequately and dependence on the private automobile increased even more.

The automobile has influenced retailing in the city centre in a number of ways. As this area will be discussed in detail in Chapter X, it is sufficient to summarise at this point the automobile's chief impact. As individuals came to depend on the automobile for the journey to work as well as for pleasure outings, congestion in the city centre grew. The Traffic and Transportation Study of Sault Ste. Marie in 1962 showed that over half of all vehicle trip purposes into the Central Traffic District were for the purpose of work.²⁴ Congestion of streets and inadequate parking facilities

23 Ontario, Department of Treasury and Economics, Design for Development: North eastern Ontario Region, Phase 1: Analysis (Toronto, 1971), Table 6.4, p.210.

24 M.M. Dillon and Co.Ltd. Traffic and Transportation Study Final Report 1962 (Toronto, 1962).

discouraged shopping trips to the centre. At the same time, as Simmons has pointed out: "When a household obtains access to an automobile, it becomes a potential customer for a whole new set of retail locations along main arterial roads and suburban highways. Indeed, outlying locations become more accessible in terms of automobile traffic than overcrowded older business centres..."²⁵

The development of the planned shopping centre set at an interceptor location between suburb and centre and provided with ample parking space, reflects this directly. The first such shopping centre in Canada was the Park Royal centre in Vancouver which opened in 1950; the first in Sault Ste. Marie was Churchill Plaza in the East End which opened in 1961. Besides the planned shopping centre, the chain supermarket, discount department store and stores along urban arteries all cater to the automobile shopper. In a study of retail and service establishments along the Macleod Trail in Calgary in 1963, Boal and Johnson found that 91.8 per cent of all trips to supermarkets, 89.5 per cent to restaurants and 82.5 per cent to used car lots were made in automobiles.²⁶

Consumer expenditure on automobiles and automobile expenses has risen dramatically until it now accounts for almost 30 per cent of all retail sales (Table 4:6). A host of new retail and service outlets has grown up to cater to the needs of the driver: new and used automobile dealers, service stations, accessory and tire stores, garages, paint and body shops and car washes. The automobile has also inspired a number of variations on existing

25 James Simmons, The Changing Pattern of Retail Location, Department of Geography Research Paper No.92 (Chicago, University of Chicago, 1964) p.82.

26 Boal, F.W., Johnson, D.B., "The Functions of Retail and Service Establishments on Commercial Ribbons", Canadian Geographer, Vol.9, No.3, 1965, p.165.

business types - drive-in restaurants, movies and banks, for example - whose location requirements are totally different from those of the original business type. Finally, the use of the automobile for leisure has opened up new areas for recreation and has enabled a larger proportion of the population to enjoy recreational pursuits often previously reserved for the few. Sales of equipment for such pursuits have consequently increased - of camping trailers and equipment, power boats and motors, fishing tackle, skis and, most recently in Canada and the United States, of snowmobiles.

In later discussions on the status of the central retail area and shopping centres and on specific retail types, the role of the automobile will be further expanded; it is the factor which has been most responsible for the transformation of the North American city and its retail areas in the past twenty-five years.

Conclusion. The social factors relating to the nature of the consumer market that have been discussed at some length in this chapter, are interwoven in a complex way in their impact on retail types and locations. It is useful, therefore, to review briefly the relationships suggested in Figure 4:1 at the beginning of this chapter.

The external forces of urbanisation and increasing national wealth, are reflected in the size of the retail market. These, in conjunction with changing demands and increased mobility of the consumer, affect the number, sales size and types of retail outlet and, either directly or indirectly, influence retail conformations and locations. Income, population and technological change affect the scale of operation of the individual firm and their impact will be discussed in Chapter V.

CHAPTER V

FACTORIAL ANALYSIS PART II: THE OPERATION OF THE INDIVIDUAL FIRM

In Chapter IV, the nature of the consumer's demand for goods in relation to income, ethnicity, age-sex distribution and other factors was considered. Changes in demand were shown to affect primarily the number and types of stores. In this chapter, economic factors and their impact on the functioning of the individual firm will be considered; such factors are most important in relation to the size of establishment.

Major changes in the operation of the individual firm have taken place since the first Census of Distribution in 1930, and even greater changes since 1901. As was shown in Table 4:2, while income and population have risen sharply, there have been only minor changes in the total number of stores. Certain business types such as the general store have virtually disappeared from cities, others such as the corner grocery store and meat market have declined in number, and yet others such as automotive establishments have increased greatly. New forms of retailing such as the discount department store have appeared in response to changes in the consumer market.

The growth in sales of the average store has been both notable and consistent since 1930. This greater total output per store reflects changes in the supply side of retailing resulting in economies of scale.

ECONOMIES OF SCALE

Table 5:1 shows sales per establishment for selected business for the Ontario cities and Sault Ste. Marie in 1961 and 1966 expressed as a ratio of 1930 sales and in constant 1930 dollars. The slightly depressed level of 1930 sales may result in some overstatement of the increase that has occurred; also, restriction of data to census years may result in some inaccuracies in the trends for specific businesses, as is the case for automobile sales in 1961. These qualifications aside, the pattern in Table 5:1 is substantially correct.

Sales per establishment increased over three times between 1930 and 1966 but this level of increase was not shared by all business types. The supermarket and the automobile sales outlet showed the greatest increase; their high proportion of the total retail market (over 50 per cent in 1966) tends to inflate the average increase. Retail outlets such as the corner grocery, meat market and shoe, hardware and furniture stores grew least in average sales, while drug, jewellery, clothing and variety stores achieved only slightly higher levels of average sales. In some cases, average sales decreased between 1961 and 1966 though it would be unwise to view such decreases as part of a longer-term trend. Such declines occurred in the cases of meat markets and shoe stores in the Ontario city group and in men's clothing, hardware, variety and drug stores in Sault Ste. Marie. In the case of the latter two business types, the establishment of four discount department stores in the city after 1961 was most likely a contributing factor to the sales decrease.

The growth of urban population (over three times for the Ontario cities and Sault Ste. Marie) and changing levels of consumption with rising income have provided individual firms with larger market areas

TABLE 5:1

SALES PER ESTABLISHMENT 1961 AND 1966

THE ONTARIO CITY GROUP AND SAULT STE. MARIE

	<u>Ontario City Group</u>		<u>Sault Ste. Marie</u>	
	1961	1966	1961	1966
<u>Ratio of 1930 sales, in 1930 Dollars (1930 = 100)</u>				
Small Grocery ^a	124	135	145	151
Combination Grocery	591	887	744	935
Meat Market	290	181	na	na
<u>General Merchandise Group</u>	262	487	505	690
Variety Store	199	267	302	238
Automobile Sales	304	530	300	380
Service Station	191	227	195	236
Men's Clothing	156	216	252	242
Ladies Clothing	228	251	238	251
Family Clothing	167	431	na	na
Shoes	154	145	na	na
Hardware	134	171	460	324
Furniture	120	163	na	na
Drugstore	226	248	294	246
Jewellery	195	220	na	na
All Stores	259	326	333	368

^a Includes confectionery stores and grocery stores without fresh meat.

na Not Available

Source: Tables 7:5 and 8:2

and the increase in consumer mobility with wider ones. Retailers have thus seen in this larger market, opportunities to achieve greater productivity and therefore, the competitive advantages associated with large scale operations.

The larger retailer, and especially the corporate chain store, has the opportunity to buy merchandise in bulk at lower unit prices than does the small retailer. Department, discount department and supermarket chains make extensive use of "private brands", contracting with suppliers to provide large volumes of merchandise to particular specifications. Simpson-Sears, a major national department chain, estimates that 70 to 75 per cent of the company's merchandise carries a private brand.¹

Larger retailers also benefit by greater managerial and buying expertise; corporate chains often provide managerial training for their employees and can attract suitable personnel by higher salaries and prospects of advancement within the chain. Such firms can also enlist assistance from outside the organisation from management consulting, market research and advertising agencies. Even if an error should be made, for example in the choice of a specific item of merchandise, it will have less effect on the large than on the small retailer who is much more susceptible to market risk. The larger firm can also divert some of the financial risk arising from provision of consumer credit, onto specialised financial agencies such as banks, finance and loan companies, though the introduction of bank credit cards in Canada has provided even the small retailer with similar protection. A survey by the National Retail Merchandising Association in the United States

1 Ellen Roseman, "Simpson-Sears Puts Faith in Private-Brand Appeal" Financial Post, July 8, 1972, p.1.

indicates that small retailers were paying 10 to 15 per cent for funds and that: "... credit costs ran 7.77% of credit sales while service charge revenue amounted to only 4.36 %. Among the smaller stores, the cost of capital was almost 25% of the cost."²

Larger stores are better able to take advantage of technological economies which increase the capacity of the store, in other words, the volume of sales for a given floor area and period of time. That stores have increased their capacity can be illustrated by the annual number of stock turns; the greater the annual number, the fewer days' sales held in inventory and the faster goods move from in-store storage to the consumer. Table 5:2 shows the number of stock turns per year and days' sales held in inventory for Sault Ste. Marie for 1951 to 1966. These figures are arrived at by dividing inventory at year-end as reported in the census, into annual sales. The summary shows a consistent increase in stock turns nationally from 4.3 in 1950 to 5.95 in 1966; the number of days' sales in inventory has fallen from 85.3 to 61.4. Figures for Sault Ste. Marie show similar trends. However, analysis of stock turns by business type shows that not all stores have achieved more rapid movement of merchandise. Rapid stock turns are to be expected for outlets selling goods which are required frequently, which may be perishable or which may require much storage space. Service stations and food outlets are examples; however, the small grocery store has experienced a declining rate of stock turns, while the large supermarket moves goods through the store almost twice as fast. Such differences indicate the overwhelming competition presented to the small grocery store by the supermarket; that the supermarket

2 Jean Danard, "Specialist Small Retailer Finds the Market is Ripe", Financial Post, May 31, 1969, p.4.

TABLE 5:2

NUMBER OF STOCK TURNS PER YEAR
NUMBER OF DAYS SALES HELD IN INVENTORY
SAULT STE. MARIE 1951 - 1966
CANADA - 1966

	Stock Turns		Canada 1966	Days Sales	
	Sault Ste. Marie 1951	Sault Ste. Marie 1966		Sault Ste. Marie 1951	Sault Ste. Marie 1966
Grocery (without fresh meat)	10.1	9.7	8.1	36.1	37.6
Combination Grocery	12.8	16.4	14.1	28.5	22.2
General Merchandise Group	8.3	10.1	4.7	43.0	36.2
Variety Store	7.7	6.8	4.6	47.4	53.6
Automobile Sales	8.8	5.5	5.8	41.5	66.4
Service Station	21.4	24.2	16.5	17.0	15.1
Men's Clothing	2.6	2.2	2.4	140.5	166.0
Ladies' Clothing	4.2	3.3	3.6	87.0	110.0
Furs	1.8	1.5	2.2	202.2	243.0
Family Clothing	1.8	3.2	3.1	202.2	114.0
Shoes	1.9	2.8	2.3	192.2	130.3
Hardware	3.0	2.9	2.6	121.8	125.9
Furniture	2.5	na	3.7	146.0	na
Drugstore	3.5	3.5	3.9	104.0	104.0
Jewellery	1.6	1.5	2.2	228.0	243.0
					174.0
					97.1
					125.9
					262.0
					93.5
					166.0

SUMMARY - ALL STORES 1930 - 1966

	1930	1941	1951	1961	1966
Stock turns	na	5.1	5.2	5.85	5.75
Sault Ste. Marie Canada	4.3	4.7	5.3	5.8	5.95
Days sales in inventory	na	71.5	70.3	62.4	63.5
Sault Ste. Marie Canada	85.3	77.4	68.3	62.7	61.4

na not available

Source: Canada D.B.S., Census of Canada 1951, Vol. 7, Tables 6 and 7, Census of Canada 1961, Vol. 6.1-1, Table 2,

itself is faced with strong competition from rival chains is shown by the decline in number of stock turns from 16.4 in 1961 to 13.3 in 1966. Chain supermarket data are isolated in Table 5:3. In Sault Ste. Marie, five chain supermarkets shared 62.3 per cent of the combination grocery store sales with average sales of \$2,140,000 per store in 1961; ten supermarkets shared 66.5 per cent of the grocery group sales with average sales of \$1,431,000 per store in 1966. Indeed, over-expansion of supermarkets in Ontario resulted in 1970 in a price-war amongst the major chains. That no major increase in average sales is to be expected can be seen by the fact that in 1971, food sales increased by 5.1 per cent while population grew by 1.4 per cent and income by 7 per cent on a national basis.³

Most stores selling durable, less frequently required and more expensive items, would expect fewer stock turns and lower capacity than the food stores and this is indeed the case. However, many retailers appear to have experienced decreases in stock turns, though caution should be exercised in assuming too much from these statistics. General Merchandise Group data are distorted by the treatment of department store catalogue sales which were included prior to 1966, though inventories were not recorded for the specific location (Appendix 2). Data for automobile sales are affected by the strong post-war demand and by the weakness of sales in 1961. However, some consistent trends appear. The apparel and accessories group, and hardware, jewellery and drug stores, hampered by a slow increase in demand for their products, were apparently not successful in increasing their store capacity significantly and nor in Sault Ste. Marie were the variety stores, whose sales were seriously affected

3 "Price War slows rate of increase", Canadian Grocer, February 1972, p.39.

TABLE 5:3

AVERAGE SALES PER STORE AND STOCK TURNS OF CHAIN STORES
SAULT STE. MARIE 1951 - 1966

	1951			1961			1966		
	Average Sales \$	Percentage of Total Sales	Number of Stock Turns	Average Sales \$	Percentage of Total Sales	Number of Stock Turns	Average Sales \$	Percentage of Total Sales	Number of Stock Turns
All stores	270,000	21.5	6.3	613,000	34.0	8.7	655,000	38.64	6.5
Grocery without fresh meat	462,000	39.5	14.7	2,140,000	62.3	18.9	1,431,000	66.50	12.3
Combination Grocery									
General Merchandise Group	247,000	37.4	7.8	na	na	na	na	100.0	na
Variety Store	na	na	na	366,000	100.0	6.7	322,000	100.0	3.3
Men's Clothing	na	na	na	na	na	na	-	0	-
Ladies' Clothing	na	na	na	na	na	na	na	na	na
Family Clothing	na	na	na	na	na	na	na	na	na
Shoes	39,700	32.1	2.2	47,000	41.5	2.2	82,000	51.98	2.3
Hardware	na	na	na	na	na	na	na	na	na
Furniture	na	na	na	na	na	na	na	na	na
Furniture and Appliances	na	na	na	-	0	-	-	0	-
Drugstore	na	na	na	-	0	-	na	na	na

na not available

Source: Canada, D.B.S., Census of Canada 1951, Vol. 7, Table 14, Census of Canada 1961, Vol. 6.1-3, Table 11,
Census of Canada 1966, Vol. 6.5, Table 12.

by the advent of the discount department stores. Only the larger family clothing stores and furniture outlets increased their capacity by reducing the storage function. Nevertheless, the increased volume of sales per outlet does indicate that most types of business were able to increase capacity to some extent as measured by average sales rather than by stock turns.

If the premise that outlets with high sales volume can achieve economies of scale through increased capacity be accepted, then substantial differences in stock turns should be evident within business types. Breakdown of sales and inventory by type of organisation provides some evidence of this. Tables 5:3 and 5:4 show average sales and stock turns by type of organisation for selected businesses in Sault Ste. Marie for 1951, 1961 and 1966. It is clear that in every case, except for shoe stores in Sault Ste. Marie in 1961, the average sales of the chain store outlet are greater than for the independent. For all stores, the chain store has a sales volume four to five times that of the independent and the difference is especially notable in certain business types such as the supermarket (ratio between 5 and 6:1) and the variety store (ratio 6:1). That there is a close relationship between average sales volume and stock turns is shown by the fact that, in all but a few cases, the number of stock turns by chain stores is greater than for independents. The trends in ownership will be discussed in Chapter VII but it is worth stating at this point, because it illustrates the competitive edge held by the chain store, that the share of sales by independents has decreased over the long term - from 78.5 per cent in 1951 to 61.36 per cent in 1966 in Sault Ste. Marie. The development of voluntary groups in the grocery, hardware and drug store field and franchising in automobile sales,

TABLE 5:4

AVERAGE SALES PER STORE AND NUMBER OF STOCK TURNS OF INDEPENDENT STORES
SAULT STE. MARIE 1951 - 1966

	1951			1961			1966		
	Average Sales \$	Percentage of Total Sales	Number of Stock Turns	Average Sales \$	Percentage of Total Sales	Number of Stock Turns	Average Sales \$	Percentage of Total Sales	Number of Stock Turns
All stores	78,500	78.5	5.0	117,500	66.0	5.1	142,000	61.36	5.6
Grocery without fresh meat)									
Combination Grocery	76,500	60.5	11.6	59,100	100.0	9.8	50,300	100.0	6.7
				202,000	37.7	13.1	314,000	33.50	13.3
General Merchandise Group	206,750	62.6	9.4	na	na	na	-	0	-
Variety Store	na	na	na	-	0	-	-	0	-
Men's Clothing	132,000 ^a	74.6 ^a	2.1 ^a	128,000 ^a	79.9 ^a	2.2	131,000	100.0	2.0
Ladies' Clothing	70,500 ^a	92.1 ^a	2.1 ^a	na	na	na	na	na ^a	na
Family Clothing	na	na	na	na	na	na	190,000 ^a	33.08 ^a	1.9
Shoes	69,600	67.9	1.8	83,000	58.5	2.6	50,400	48.02	2.1
Hardware	95,500 ^a	47.3	2.8 ^a	94,500	23.1	2.7	318,000 ^a	70.89	2.7
Furniture	na	na ^a	na	88,000	na ^a	3.2	265,000 ^a	48.53	3.8
Furniture and Appliances	64,000 ^a	75.6 ^a	2.7 ^a	172,000 ^a	33.5 ^a	4.8	na	100.0	na
Drugstore	81,000 ^a	67.4 ^a	3.6 ^a	na	na	na	na	na	na

na not available.

a Single stores only; two and three store multiples excluded.

Source: As Table 5:3.

further demonstrates that the independent merchant still seeks to achieve the economies of scale enjoyed by the chain store. That such associations are only partially successful can be seen by the rise in the chain store share of the food market in Canada, from 46.2 per cent of sales in 1961 to 52.8 per cent in 1971.⁴

However, the strength of the chain store is concentrated in certain omnibus business types whereas the independent retailer is more likely to be involved in a specialist market. The independent retailer has been described as: "... the entrepreneur who aims a rifle shot at a consumer market by offering specialized products or location, usually with more personalized services than a department or chain store ... They include boutiques offering, say, only leather, or kitchenware, or leisure-time clothes."⁵ It is on the twin foundations of specialised products and service then, that the independents' future will be based and discussion of these will be pursued later in this chapter.

TECHNOLOGICAL AND ORGANISATIONAL CHANGES

In the light of the foregoing, it is appropriate to consider now some of the technological developments that have enabled certain business types to increase the capacity of their outlets. The first of these has been the movement towards self-selection, especially evident in the supermarket, the discount and regular department store and the hardware stores.

4 Ibid.

5 Danard, p.4.

As Moyer says:

Thus, in a long historical process, the grocer has shifted back-up stocks from a cellar tomb to the back of the store and then off the premises altogether. Similarly, he has moved his floor stocks from under or behind a wooden crypt called a counter onto a steel conveyor belt called a supermarket shelf.⁶

Consequently, the floor area of stores has increased; the average supermarket is now between 20,000 and 30,000 square feet on one floor, and discount stores in Sault Ste. Marie are between 50,000 and 60,000 square feet.

Self-service and self-selection depend heavily on "pre-retailing" (that is, pre-selling of products by national advertising by manufacturers), pre-packaging in cans, bags and boxes, and pre-pricing by the manufacturer. Indeed, self-selection itself is a delegation of the retailer's task to the consumer. It is in the areas of consumer durables (appliances, radio, television, automobiles) and of food that pre-retailing has been most evident, though other types of merchandise are affected. Advertising by magazines and television is aimed at a national market to promote a manufacturer's national brand, whereas that by newspaper and radio serves to indicate to the consumer the nature of the retailer's local assortment. Consequently, the consumer is "pre-sold" and may develop strong brand loyalties rather than store loyalties. Pre-packaging has enabled the retailer to dispense with the need to "break bulk", grade, price and repackage merchandise. In the supermarket, nearly all merchandise, even meat, fresh vegetables and fruit is pre-packaged, though this packaging may still be done in the store. Pricing, or

⁶ M.S. Moyer, "Ultimate Step: Shop by T.V.", Financial Post, April 26, 1969, p.15.

price-setting, has in part shifted from the retailer to the manufacturer who provides "suggested retail prices" especially for durables such as automobiles, appliances, radios and televisions, though for some soft lines as well. Retail discounters have, of course, challenged such price-setting which is not legally binding. Reduction of profit margins by price-cutting is possible only for the large store with a high volume of sales. The supermarket "price-war" in Ontario led by Dominion Stores Ltd. resulted in higher profits for some chains because of greater sales, though others had declines in profitability and some even experienced losses.

Economies can also be achieved by improvement in stock control which would provide a detailed analysis of commodity and brand sales. Computerised control of inventory, orders and re-orders is possible at the wholesale or retail level though it is not yet possible to link both levels together. Moyer believes that:

This has led to a search for economical optical scanners and point-of-sale recorders which can be linked on-line with a warehouse computer. As that hardware becomes operational, major grocery distributors will have immediate information on the status of sales and inventories, by stock-keeping unit, in every store.⁷

The ultimate, as Moyer views it, is to link the kitchen with a central warehouse: "It is estimated that under that system the householder would select her weekly grocery needs in 15 minutes, would usually have delivery the same day, and pay about 10 % less than store prices ... we seem to be embarked on a road at the end of which there is no store."⁸ While such developments lie far in

7 Ibid.

8 Ibid.

the future, the National Merchandising Retail Association estimates that even for small firms, an electronic data-processing system could result in: "... a 20 % drop in inventory, 30 % more in sales volume, with a resulting 20 - 25% growth in net profit ..."⁹

Finally, extended store hours can increase the capacity of the store. Most small retailers cannot afford to remain open every evening as the increase in sales would not be great enough to offset the increase in salaries, possibly at overtime rates. In small grocery stores where there is a high proportion of working proprietors or in capital-intensive retail firms such as the supermarkets and discount stores, extended trading hours are feasible; indeed, the latter class of store may do much of its business in the evening hours when a large part of the working population is free to shop. Most corner groceries stay open fourteen hours a day and open on Sundays for ten or eleven; supermarkets and discount department stores remain open for twelve hours a day, six days a week and in some centres open on Sundays also.

Many of these developments, especially in the grocery trade, have resulted in intense rivalry between major chains. The means by which stores attempt to create a definable image for themselves will be considered later in this chapter but it is worth noting that, successful as they have been, they have created some resentment among consumers. This has again been true of the grocery trade because of the essential nature of the product. A 1972 survey by National Market Development Ltd.¹⁰ shows that 36.8 per cent of

9 Danard, p.4.

10 "The Customers Speak", Canadian Grocer, July 1972, p.20.

Ontario shoppers in supermarkets have complaints about supermarket shopping. 58.4 per cent of these complaints related to major aspects of service, 15.5 per cent to product quality and 12.7 per cent to high prices. This survey also suggests that cultural factors affect the consumer's response to supermarkets. Only 7.1 per cent of Quebec shoppers had complaints about supermarkets; this is partly because a high proportion of French-language housewives do not shop in supermarkets (chain grocery sales amount to 39.2 per cent of sales in Quebec compared with 64.5 per cent in Ontario).¹¹ 16.2 per cent of shoppers' complaints in the Atlantic Provinces were that supermarkets were too big or too noisy. The survey tends to show, therefore, that though prices have been reduced in supermarkets through scale economies, this has been done at the expense of service to the customer. Simmons points out that: "As the scale of operations increases it becomes necessary to lure additional customers by lower prices, added services, or improved accessibility. It is the marginal costs of these extras (variation costs) which limit the scale of operation."¹² Clearly, the supermarket has chosen to lure customers by lower prices; the lack of service may have the effect of driving consumers to the small independent operator.

11 Canadian Grocer, February 1972, p.68, 49.

12 Simmons, The Changing Pattern of Retail Location, p.61.

RETAIL EFFICIENCY

Discussions of economies of scale and technological improvement raise the question of the efficiency of the retail outlet as a production unit. Table 5:5 shows gross profit margins for certain business types between 1941 and 1961. No figures for the margin of all retailers are available prior to 1961 but Moyer and Snyder have produced estimates of 24.9 per cent, 25.8 per cent and 25.9 per cent of sales in 1930, 1941, and 1951.¹³ Consequently, gross margins appear to have increased and this accords with Simmons's findings that:

Although the efficiency of retailing has greatly increased in this period [1929-1963] it has increased less than the efficiencies of other industries. For all retailing the gross margin has increased slightly indicating that the cost of distributing goods has increased more than the cost of producing them.¹⁴

As Table 5:5 indicates, not all businesses were affected in the same way. Service stations, clothing, drug and jewellery stores increased their margins while meat markets, grocery, hardware, furniture and appliance stores decreased theirs. The fact that grocery store margins are lower than for other business types excluding automobile dealers, reveals the economies achieved by the supermarket. It is notable that chain store margins are higher than those of independent stores; the large retailer having achieved economies of scale, may not feel constrained to pass on to the consumer their benefits.

¹³ Moyer and Snyder, p.260.

¹⁴ Simmons, The Changing Pattern of Retail Location, p.65.

TABLE 5:5

GROSS PROFIT MARGINS AS PERCENTAGE OF NET SALES
CANADA 1941 - 1961

	Independent Stores			Chain Stores		All Stores
	1941	1950	1960	1949	1959	
Grocery Store ^a	15.2	14.4	15.35	16.0	16.5	15.6
Combination Grocery	16.9 ^b	14.4	15.36	15.6	17.9 ^d	17.7
Meat Market	22.4	16.1	20.25	17.6	20.2 ^d	20.0
Department Store	na	na	na	na	na	33.0
Variety Store	na	na	na	na	na	34.5
Automobile Dealers	na	na	na	na	na	15.9
Service Station	17.2	18.7	22.3 ^e	na	na	23.1
Men's Clothing	27.7	28.3	30.15	29.1	35.7	33.5
Ladies' Clothing	27.5	27.9	31.2	29.4	34.6	33.2
Furriers	na	na	na	na	na	40.9
Family Clothing	27.1	27.0	28.55	30.2	32.6	30.4
Shoe Store	26.3	29.7	32.05	30.8	35.9	34.1
Hardware	25.7 ^b	26.4	27.45 ^e	na	na	28.9
Furniture	33.5 ^b	27.1	26.75 ^e	35.1	36.1	30.6
Appliances, Radio and Television	35.2 ^c	27.8	27.5 ^e	na	na	26.4
Drugstore	27.4	31.15	32.3	33.3	33.9	32.3
Jewellery	38.9	40.25	41.55 ^e	na	na	41.6
na not available						<u>All stores</u> 26.9

^a Includes confectionery stores and grocery stores without fresh meat.

^b 1938 ^c 1944 ^d 1957 ^e 1959

Source: M. C. Urquhart and K.A.H. Buckley, Historical Statistics of Canada, (Toronto, MacMillan, 1965), Series 67-96, p.575.
1961 data from Canada, D.B.S., Census of Canada 1961, Vol. 6.1, Table 20.

Labour is the major single operating cost of a retail firm; between 1930 and 1966, the average wage of retail employees tripled. Table 5:6 shows payroll as a percentage of total sales for the Ontario cities from 1930 to 1966 and for Sault Ste. Marie from 1951 to 1966. It should be noted that working proprietors and part-time help are excluded from these figures; the omission of the former is serious only in the case of the small grocery store and service station. Since 1930, payroll as a percentage of sales has steadily increased; this may be compared to the increase in gross margins previously noted. Subtraction of labour costs from gross margin figures indicates that a declining proportion of margin is devoted to rent and other overheads; in the case of the combination grocery store, this proportion fell from 11.6 per cent to 8.36 per cent between roughly 1941 and 1961. In some businesses, payroll has increased rapidly - businesses such as apparel, shoe, hardware, furniture, drug and jewellery stores, still require staff to advise and service customers. On the other hand, self-service outlets like the supermarket have experienced only small increases in payroll. Small grocery stores depend on working proprietors; their employment has not changed much since 1930 (Table 5:7) and therefore, the percentage of payroll to sales has declined. Notable is the case of the household appliance store in which labour requirements have fallen. Moyer and Snyder suggest that: "During the introductory period for durables, a major part of the total selling and servicing task was consigned to these specialised retailers", but that as these durables won widespread acceptance, a major part of the selling and servicing task was re-allocated to the manufacturer.¹⁵ Perhaps therefore, the

¹⁵ Moyer and Snyder, p.25.

TABLE 5:6

PAYROLL AS A PERCENTAGE OF TOTAL SALES
THE ONTARIO CITY GROUP 1930 - 1966
SAULT STE. MARIE 1951 - 1966

	Ontario Cities				Sault Ste. Marie			
	1930	1941	1951	1961	1966	1951	1961	1966
Confectionery	7.1	6.6	3.9	3.4	3.7	2.5	1.9	3.6
Grocery without fresh meat	4.8	4.6	3.1	3.6	3.2	2.6	3.4	2.7
Combination Grocery	6.5	5.3	5.2	6.5	7.0	5.9	6.4	7.2
<u>General Merchandise Group</u>								
Variety Store	10.6	10.8	12.3	14.7	13.0	10.9	14.0	13.1
	9.5	na	13.7	16.6	14.2	13.1	16.8	13.7
Automobile Sales	8.2	10.3	8.5	10.2	9.4	7.5	9.7	10.0
Service Station	10.3	5.4	5.3	8.4	8.4	4.8	9.6	10.4
Men's Clothing	7.3	8.8	8.0	10.7	11.5	6.8	10.6	10.8
Ladies' Clothing	7.9	6.4	9.1	12.6	12.7	8.8	13.7	15.0
Shoes	8.9	8.5	10.5	12.9	14.7	9.7	10.9	14.1
Hardware	10.5	9.3	10.7	12.7	13.4	12.6	11.4	18.9
Furniture	9.0	9.6	9.3	14.3	12.8	9.0	na	13.4
Appliances, Radio and Television	24.9	22.3	13.1	16.5	14.3	12.4	na	na
Drugstore	9.4	9.8	10.6	15.0	16.0	10.7	13.4	19.2
Jewellery	12.7	12.2	14.0	16.2	15.8	8.4	19.3	19.6
All stores	8.5	8.9	8.7	10.0	10.1	8.1	9.9	10.6

na not available

Source: As Table 5:2

TABLE 5:7

NUMBER OF PAID EMPLOYEES BY BUSINESS TYPE
THE ONTARIO CITY GROUP 1930 - 1966
SAULT STE. MARIE 1951 - 1966

	Ontario Cities				Sault Ste. Marie		
	1930	1941	1951	1961	1966	1951	1961 1966
Confectionery	0.9	0.9	1.2	1.1	1.2	0.7	0.6 1.4
Grocery without fresh meat	1.3	1.4	1.0	1.2	1.7	0.7	1.6 1.1
Combination Grocery	2.6	3.7	5.1	12.9	18.6	5.5	13.1 18.5
Meat Market	2.1	2.7	3.6	3.8	2.6	na	na na
<u>General Merchandise Group</u>	11.5	18.8	30.2	36.8	62.4	13.9	36.0 43.4
Variety Store	11.5	na	38.0	39.7	36.7	33.5	32.0 18.4
Automobile Sales	7.9	19.4	22.3	19.7	29.3	16.4	14.8 19.2
Service Station	1.6	1.8	1.9	2.5	2.9	2.0	3.1 3.7
Men's Clothing	1.7	2.7	3.3	3.3	4.3	3.5	4.0 3.8
Ladies' Clothing	3.1	3.2	4.6	5.8	5.9	3.7	5.3 4.7
Shoes	2.1	2.7	4.1	4.4	4.4	3.0	3.6 3.1
Hardware	4.1	4.9	5.0	4.3	5.1	7.2	9.3 10.0
Furniture	2.9	6.1	6.2	5.9	5.7	3.0	na 6.6
Household Appliances, Radio and Television	5.4	5.8	5.5	4.9	4.7	3.3	na na
Drugstore	2.3	3.9	na	5.9	6.2	3.8	5.8 4.9
Jewellery	1.9	3.1	4.3	4.2	4.6	2.6	3.0 2.9
All stores	2.5	3.7	5.1	5.4	6.6	4.3	5.5 6.4

na not available

Source: As Table 5:2

labour requirements of such stores increased at a slower rate than sales and, in fact, may have declined (Table 5:7). When one considers, though, the number of employees by business type as shown in Table 5:7, it is clear that changes in retailing technology and economies of scale with increasing sales, have been effective in raising the productivity of the retail worker. In nearly every case, the number of employees has grown (note the case of the combination grocery store between 1951 and 1961 especially). Between 1930 and 1961, employment per store increased by 2.6 times from 2.5 to 6.6, wages rose over 3 times and yet, as a percentage of sales, payroll increased by under 1.2 times. In the same period, margin rose by 1.08 times. The best example is again the supermarket, whose employment has risen 7.1 times but whose payroll as a percentage of sales has remained almost stationary. In the face of rising labour inputs general throughout the retailing industry, only a gradual decrease in the relative importance of rents and other overheads, and a substantial improvement in productivity, have kept operational costs at a reasonable level in relation to sales.

Labour still remains the most expensive single input and a trend may be emerging to reduce further the amount of labour required in a retail firm. At the local level of Sault Ste. Marie, declines in employment per firm were evident between 1961 and 1966 in the clothing, shoe, drug and jewellery stores; certain other cities in the Ontario city group show similar patterns. The trend to self-service was one means of increasing sales per worker and self-service has been extended from the supermarket to the discount department store. Such stores have achieved low prices by gearing their operation to high turnover and by reducing in-store and after-

sales service to a minimum - a generous return privilege is one service that remains, however. The T. Eaton Co., a major department store chain in Canada, entered the discount field in 1972 with its Horizon chain - euphemistically called a low-margin operation. Their outlets will average about 60,000 square feet in area, will concentrate on convenience rather than high-cost items, and will be self-service in format. The company states: "... low prices [will be] achieved by slashing overhead costs to the bone. In Horizon's terms, this will mean no pickup and delivery of merchandise, narrow assortments, and sales help only in small appliances and shoes." Stores will have: "... a bank of checkout desks equipped with computerized cash-register terminals and electronic ticket readers.... The terminals are more expensive than ordinary cash registers, but their speed is a compensating factor - about 30% fewer operators will be needed".¹⁶ Another innovation in Canadian retailing is "show-room" retailing of brand-name merchandise: appliances, sporting goods, toys, jewellery, radios and televisions. Stores of this type have no display space, merely storage or warehouse space, and rely on advertising by the manufacturer and by the annual or seasonal catalogue. Neither sales advice nor after-sales service is provided and prices are sometimes below even the discount store level. Customers can order by mail and, in a sense, show-room retailing is an adaption of the mail-order catalogue business introduced by, and still carried on by, major department stores as a service to a scattered population.

¹⁶ Ellen Roseman, "Horizon Chain Plans August Debut", Financial Post, July 8, 1972, p.4.

Much of the preceding discussion has concentrated on the retailers who, because of the nature of their merchandise, have been most able to increase sales volume and achieve economies of scale. For many business types, however, though sales volumes have increased, the entry of new firms into the market and the competition from omnibus outlets have resulted in stores enjoying a smaller share of the expanding retail market than would otherwise have been the case. Tables 5:8 and 5:9 show sales per capita by business types for the Ontario cities and Sault Ste. Marie from 1930 to 1966 in constant 1930 dollars. Only the combination grocery store, general merchandise group and the automotive group cornered a decidedly larger share of the total market for the individual firm. Lower per capita sales for nearly every other type of business listed shows that each firm was, on the average, holding a smaller proportion of the total market in 1966 than it held in 1930, and most certainly in 1951. For most of these business types, the peak sales per capita occurred in 1941 or 1951. According to central-place theory, a perfectly competitive solution has been achieved when "... the plain is served by a maximum number of identical, minimum-scale businessmen offering good x at identical prices to hexagonal trade areas of identical minimum size, and no surplus profits are possible".¹⁷ Free-entry of certain business types into the retail market may be moving the real situation closer to the theoretical one.

17 Brian J.L. Berry, Geography of Market Centers and Retail Distribution, (Englewood Cliffs, N.J., Prentice-Hall, 1967,) p.63.

TABLE 5:8

SALES PER CAPITA FOR SELECTED BUSINESS TYPES
THE ONTARIO CITY GROUP 1930 - 1966

Type	1930	1941	1951	1961	1966	Change 1930 = 100
	\$	\$	\$	\$	\$	\$
Small Grocery ^a	54.80	49.30	30.50	21.10	21.00	38.3
Combination Grocery	46.60	82.60	136.30	147.20	163.10	350.0
Meat Market	15.00	11.20	11.60	9.20	3.50	23.3
<u>Total</u>	116.40	143.10	178.40	177.50	187.60	161.1
<u>General Merchandise Group</u>						
Variety Store	52.00	66.00	72.90	79.40	101.20	194.6
	14.00	na	23.60	23.10	26.60	190.0
Automobile Sales	55.90	93.20	108.50	95.80	122.20	218.6
Service Station	12.80	27.90	21.80	47.10	44.30	346.1
<u>Apparel Group</u>						
Men's Clothing	57.50	70.40	82.90	52.30	61.20	106.4
Ladies' Clothing	21.10	na	24.60	12.30	12.50	59.7
Shoes	17.10	26.60	18.40	16.00	14.00	81.8
	8.50	10.00	11.50	10.10	7.80	91.8
Hardware	10.20	10.70	20.60	9.70	7.50	73.5
Furniture and Appliances	28.70	na	33.20	21.00	19.60	68.2
Drugstore	14.20	19.30	21.00	17.60	16.00	112.7
Jewellery	5.90	11.00	10.40	7.00	7.60	129.0
<u>Total - All stores</u>	477.20 ^b	619.20 ^b	781.80 ^b	651.60 ^{bc}	731.00 ^{bc}	153.2 ^{bc}

^a Includes confectionery stores and grocery stores without fresh meat.

^b These figures are derived by averaging sales per capita for each of the ten cities. therefore, be compared to that given in Table 7:1.

^c For reasons for decline in sales, see Appendix 2.

na not available.

Source: As Table 5:2.

The ratio cannot,

TABLE 5:2

SALES PER CAPITA FOR SELECTED BUSINESS TYPES
SAULT STE. MARIE 1930 - 1966

Type	1930	1941	1951	1961	1966	Change 1930 = 100
	\$	\$	\$	\$	\$	
Small Grocery ^a	51.00	na	23.90	28.40	24.50	48.0
Combination Grocery	38.00	na	142.60	152.50	149.20	392.7
Meat Market	29.00	na	na	na	na	na
<u>General Merchandise Group</u>						
Variety Store	na	52.80	43.20	60.70	90.50	na
Automobile Sales	12.00	na	26.10	16.30	15.60	130.0
Service Station	51.00	na	86.10	89.70	96.40	189.0
	18.00	24.20	19.30	43.30	50.80	282.2
<u>Apparel Group</u>						
Men's Clothing	na	67.10	83.80	56.90	59.40	na
Ladies' Clothing	14.00	na	20.50	14.30	10.00	71.5
Shoes	11.00	na	11.90	16.50	10.30	93.6
	na	na	10.00	10.00	6.50	na
Hardware	5.00	na	23.00	25.50	15.40	308.0
Furniture and Appliances	na	na	na	na	na	na
Drugstore	13.00	17.60	na	16.40	13.30	102.3
Jewellery	na	na	8.20	5.20	4.50	na
<u>Total - All stores</u>	432.00	572.00	743.00	660.00 ^b	657.00 ^b	152.3

^a Includes confectionery stores and grocery stores without fresh meat.

^b For reasons for the decline in sales, see Appendix 2.

na not available.

Source: As Table 5:2.

RENT

In the preceding discussion on achieving internal economies of scale, labour was referred to as a major input of retailing. Rent constitutes another. Retailing theory emphasizes that the retailer will attempt to maximise his profits by locating in the site most accessible to his customers; the assumption that the most accessible urban location is the central business district has become less valid in the post-war period. The theory of urban rents points out that retailers will compete for sites of maximum accessibility and that this site will be occupied by the retailer able to pay the highest rent. Within a business centre, the pattern of business types will reflect the rent-paying ability of each type. As Simmons suggests: "The higher-order goods, those that identify the level of the center, needing the most accessibility will be found paying the higher rents near the peak-land value intersection; the lower-order goods will locate in concentric rings around the peak..."¹⁸ On the other hand, Leigh in his study of specialty retailing in Vancouver concluded that high-order activities were not necessarily oriented to the entire city area for potential customers and that they could be located outside the central business district in eccentric locations, though there were limits to such eccentricity.¹⁹ Unfortunately, it is not possible to analyse in depth the relevance of these two approaches within Sault Ste. Marie. The major reason for this is an insufficient breakdown of information on rents available for the city and data on

18 Simmons, The Changing Pattern of Retail Location, p.31.

19 Roger Leigh, Specialty-retailing: A Geographic Analysis, B.C. Geographical Series No.6, (Vancouver, Tantalus Research Ltd., 1966), p.112.

commercial assessment do not distinguish between differing uses within a building.²⁰ Further, it is doubtful that a single peak land-value intersection exists in Sault Ste. Marie; even should one exist, the linearity of the main shopping street makes it impossible to view such an intersection as having equal accessibility from all directions.

However, in Chapters VIII to XI which will examine the changes in the conformation of business districts and in the location of individual business types, the matter of maximum accessibility and the location of "cores" along Queen Street will be considered.

-
- 20 Indeed, many difficulties are attendant on the use of commercial assessment as an indicator of rent levels. Valuation for commercial assessment involves consideration of the age and the structural condition rather than the utility of the building. As illustrated, assessment is for an entire building in which there may be more than one store or more than one use. As municipal taxes are paid by the owner only, tenants' or occupiers' taxes do not exist for use as an indicator of valuation for rent. An example of information available follows:

Account No. and Owner's name:

Property Description: Lot 2; W.12 feet of Lot 3, Turner Subdivision

Area: No.8, 7152 sq.ft. No.14, 3212 sq.ft.

Commercial Assessment: \$72,405.

This property includes two retail stores (No.14), each of which is on two floors though assessment is based on one floor only, and five office areas (No.8).

Simmons noted a similar problem in this study of Toronto: "... data on the assessed value of land was available only for individual lots and presented an impossible data handling problem". See James W. Simmons, Toronto's Changing Retail Complex, p.17.

PROXIMITY TO COMPLEMENTARY OUTLETS

In addition to accessibility to what may, or may not, be a city-wide market, there is also the special accessibility that a store may enjoy because of its proximity to complementary outlets. As Scott points out: "Such complementarity may be of various kinds. First it may involve proximity to the market,... Secondly complementarity may take the form of proximity to sources of supply,... The third type of complementarity involves proximity to outlets similar in trade type."²¹

The first type of complementarity exists to a limited extent in Sault Ste. Marie. The establishment of a drug prescription centre in a building housing a majority of the city's physicians and adjacent to the two city hospitals, and the association of office supply and men's clothing stores with downtown offices are two examples. Figure 5:1 shows the market hinterland (customers' place of residence and place of work) of a major downtown men's wear store derived from the store's customer mailing lists. Aside from the strong bias of the market towards the more prosperous eastern end of the city, the concentration of place of work of customers in the downtown area is striking. Tourist customers also create a special market. Prior to the completion of the International Bridge in 1962, tourist traffic from the United States entered the city via the ferry dock at the foot of Brock Street. In interviews, merchants in the clothing, camera and drug store businesses near the Queen and Brock intersection, admitted that easy access to this tourist traffic had been an important consideration in their site selection.

21 Scott, p.26.

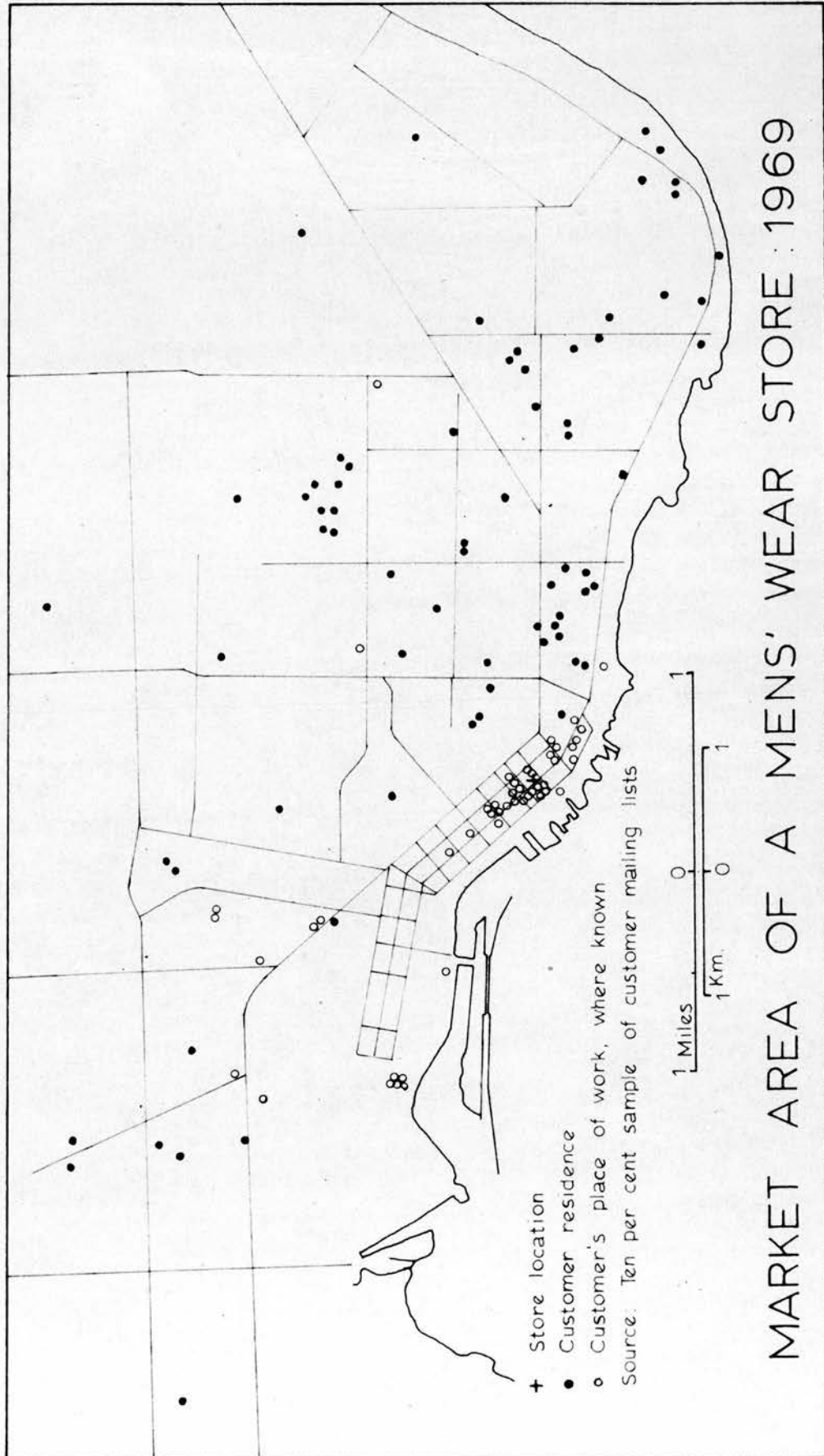


Figure 5.1

The second type of complementarity referred to by Scott, that of proximity to sources of supply, exists to a limited extent only in Sault Ste. Marie, though it appears to have been more common in the past, when simple forms of manufacturing occurred even in small centres such as Sault Ste. Marie. This has already been referred to in Chapter IV. However, in 1971, three lumber dealers still existed in association with sawmills; the remaining flour and feed, coal, ice and propane gas dealers occupied waterfront or railside locations. Such outlets clearly do not occupy central locations.

The third type of complementarity is that of proximity to outlets of similar trade type, though the association could be with dissimilar types as well. Scott points out that: "... complementarity is a fundamental feature of retail distribution..." in traditional markets and rudimentary shopping streets but that it is "... often less readily discernible within the modern shopping centres of Europe and North America..."²² Nevertheless, attempts have been made to measure the degree of association or clustering of retail types. Nelson formulated the "Theory of Cumulative Attraction" in which he states that: "A given number of stores dealing in the same merchandise will do more business if they are located adjacent or in proximity to each other than if they are widely scattered".²³ He also formulated the "Principle of Compatibility", in which he states: "Two compatible businesses located in close proximity will show an increase in business volume directly proportionate to the incidence of total customer interchange between them, inversely proportionate

22 Scott, p.27.

23 Richard L. Nelson, The Selection of Retail Locations, (New York, Dodge 1958) p.58.

to the ratio of the business volume of the larger store to that of the smaller store and directly proportionate to the sum of the ratios of purposeful purchasing to total purchasing in each of the two stores."²⁴ Accordingly, Nelson prepared "compatibility tables" for different store types according to five categories ranging from highly compatible to deleterious. Department, variety and clothing stores were considered to be highly compatible.²⁵ Interviews with merchants suggest that they are aware of the significance of association with other businesses. The association of three stores close to the Brock and Queen intersection dealing in furniture and drapery material was quoted as being conducive to comparison shopping and to enabling a shopper to fulfil part of her requirements in one store and the rest in another. The proprietor of a hardware and furniture store in the outlying district of Steelton held that the proximity of a paint and wallpaper store was essential to the continuance of his business. The association of apparel and accessories stores with beauty shops and restaurants was also quoted as being advantageous to husband-and-wife joint shopping trips. Indeed, some merchants went as far as to say that any store could be considered complementary if it generated traffic. The owner of a stationery store stated that the existence of a souvenir shop next door in the summer of 1968 had the effect of tripling store sales of similar items. Proximity to competing stores, then, could be advantageous; a competing store in a lower price range might convince a shopper to buy more expensive, higher quality merchandise.

24 Ibid., p.66.

25 Ibid., Tables 8.2, 8.3 and 8.4 pp.72-77, p.78.

Some examples of associations within groups of stores in the city of Sault Ste. Marie will now be noted. Apparel and accessory stores are concentrated in four segments on the north side of Queen Street: between Bruce and Elgin Streets (28.6 per cent of total stores), March and Spring Streets (75 per cent), Brock and East Streets (26.4 per cent) and East and Pilgrim Streets (42.8 per cent). Stores dealing in hardware, furniture and appliances are concentrated between Gore and Dennis Streets (17.4 per cent), Dennis and Bruce Streets (23.1 per cent) and East and Pilgrim Streets (21.5 per cent), (Figure 10:12). Automobile dealers have become concentrated along arterial highways in recent years, though this association is probably derived more from common realisation of the value of highway locations than from a belief in the merits of association with similar enterprises. The move of such businesses, and also furniture and home furnishing stores, suggests a recognition of the value of locations accessible to the motoring shopper, whereas clustering of stores suggests a dependence on the pedestrian shopper. These and other associations will be examined in detail in Chapters VIII to XI.

COMPETITION

Discussion in the first section of this chapter centred on the economies of scale achievable by the large-scale retailer and the competitive advantages that accrue from them - primarily, those that are related to price. Classical theories of spatial competition concentrate on the dispersion of outlets in relation to market areas rather than on the means by which retailers seek to capture a larger share of the total market from their competitors. This section will concentrate on these means for, as Scott points out:

Given the type of trade and retail organisation, ease of entry and pattern of consumer behaviour it is the varied combination of product mix, price differentiation, and non-price offer, or selling effort, that provide the essential key to the changing spatial competition of multi-product retail firms.²⁶

It was pointed out in this chapter that the move towards pre-retailing of certain products - notably food, beverages, tobacco products and consumer durables such as automobiles, appliances, radio and television - and the trend towards self-service has led to the erosion of customer loyalty to a specific outlet and to an absence of discrimination between outlets. By what means, then, can retail outlets recover, and retain, a measure of customer loyalty in the face of competition?

Price. One method has undoubtedly been the practice of price discrimination. While the manufacturer frequently indicates, and even marks on the item or its package, a "recommended retail price", such prices are not legally binding on the retailer. Supermarkets and discount department stores regularly sell below such prices in intense rivalry with their competitors. The supermarket price-war in Ontario, already referred to, is an example of this. Some supermarket chains even have a parallel chain of discount food stores; an example is Loblaw Groceterias Ltd. and Super-City, both of which are represented in Sault Ste. Marie. In addition to lower store-wide prices, prices on specific items are frequently lowered, or advertised to have been lowered, for short periods. This is the practice of promoting "specials" or "loss-leader selling" in which the retailer sets especially low margins

26. Scott, p.89.

on particular, often highly competitive, items to increase in-store sales of other items. Indeed, the margins on other merchandise could be raised to compensate for the loss-leaders but even if that is not the case, the retailer expects to make up the loss by increased overall turnover. It has been said that:

What the supermarkets lose one way, they make up another. They're not charitable institutions; they have to make their 1.5 per cent net profit. And so their long-range planning and carefully considered mark-ups give them enough latitude to put on those specials you look for every weekend... When there's a big special in one department, higher prices in other areas of the store help absorb the cost.²⁷

The small-scale retailer is usually unable to compete in this fashion. However, most retailers indulge in clearance sales to boost sales at traditionally slack selling periods such as post-Christmas, to clear seasonal merchandise such as clothing, or to clear merchandise outdated by the introduction of new models as in the case of automobiles.

Product Differentiation. Retailers also attempt to compete on the basis of product differentiation. This is normally achieved by national advertising wherein the quality, style and image of the product are stressed. Advertising for automobiles may stress quality ("Oldsmobile. Engineered the first time so you'll buy it a second time"), luxury and style, or in the case of imported cars, size, convenience or price. Such distinction in the advertising message reveal an appeal to specific segments of the market.

Advertising for other products may aim to flatter the consumer -

"For people with a taste for something better" (Du Maurier cigarettes).²⁸

27 Joan Watson, "Will the person responsible for rising food costs, please stand up", Star Weekly Magazine, September 1969, p.22.

28 Advertising slogans quoted from advertisements in Maclean's Magazine, November, 1972.

The supermarket chain, Dominion Stores Ltd., used the slogan "It's mainly because of the meat" in national advertising to encourage consumers to differentiate between its stores and those of its competitors. Throughout the grocery trade and in department stores, the use of private brands has been employed as a similar device, even though the merchandise may be a carbon copy of the national brand.

Product Mix. Market areas can be altered by a change in the product mix of the store. The grocery and combination stores increased non-food commodity sales from 10.8 per cent of total sales in 1930 to 14.6 per cent in 1966 and now sell tobacco products, clothing, drug and toilet preparations, stationery, hardware and glassware.²⁹ Apparel stores may add limited lines of footwear, cosmetics and jewellery and hardware stores may carry furniture and appliances. Indeed as product lines widen and merchandising becomes more scrambled, the distinction between stores becomes less clear. Department store chains are "trading down" (as in the case of Eatons and the "low-margin" Horizon chain) and variety stores are "trading up" (as in the case of Woolworths and S.S. Kresge Ltd. and their discount department stores Woolco and K-Mart).³⁰ Consequently, widening the product mix tends to militate against specialisation of retailing; if individual stores can increase their share of the market by so doing, then the more specialised store which does not do so will lose part of its share. In a sense,

29 Canada, D.B.S., Census of Canada 1931 Vol.10, Table 27.
Census of Canada 1966 Vol.6-8 Table 19.

30 "Trading up" and "trading down" are expressions suggesting an upward or downward shift respectively in the quality and price levels of a store's merchandise.

therefore, this aspect of retail competition is self-defeating in that it does not assist a store to create a definable image which would enable it to retain a high degree of customer loyalty.

Service. Stores may compete in aspects of the "selling effort" or "non-price" offer. As suggested in the first section of this chapter, the success of the supermarket and discount department store in achieving internal economies of scale has been made possible by self-service and the elimination of in-store service such as the provision of advice in the choice of merchandise. Such stores retain only the return privilege, which guarantees the return of purchase price if the merchandise is unsatisfactory in any way. Consumers may, however, become disenchanted with the lack of service as indicated by the supermarket complaint survey undertaken by National Market Development Ltd. referred to on p.138. Independent retailers in Sault Ste. Marie emphasized in interviews that one of their strengths is their ability to provide personal service in opposition to the impersonality of the discount store.

Image. More intangible, but probably more important, is the question of the "image" of the store in the minds of the customers. As Martineau points out:

Different classes and different types of shoppers have different psychological outlooks on the world and the different ways of life. Each segment of the market looks for a different emphasis. In general, the lower-status shopper looks at goods in a functional sense; she wants the store image to reflect her values of concreteness, practicality and economy. She is concerned with quality of the merchandise and dependability of the store. The upper-status shopper, by contrast, is interested in whether the symbolic meaning of the store reflects her status and her style of life.³¹

31 Pierre Martineau, "The Personality of the Retail Store", Harvard Business Review, XXXVI (Jan.-Feb.) 1958, p.50.

He considers that there are many elements that create a store's "image" or personality, the most important of which are layout and architecture, symbols and colours, advertising and sales personnel.³²

There is a growing recognition that the retail facility can fulfil an important part of the store's selling function. The incorporation of an open style in the store layout, improved lighting, air conditioning and escalators have increased the comfort of the modern store and emphasised its spaciousness. External appearance is equally important; retailers interviewed in Sault Ste. Marie stressed the importance of remodelled store fronts and attractive window displays to establish the store's image, some believing that these were more significant in attracting customers than advertising by radio or television. The modernisation of the facades of the Royal Bank of Canada and Bank of Montreal branches at the corner of Queen and Brock Streets (Plate 10:7) illustrates this approach applied to service establishments. The advantages of modern design are apparent from comparing the sections of the city centre shown in Plates 10:1 to 10:8 with the Market Mall Plaza in Plate 11:12. These photographs also illustrate other important aspects of store engineering - the provision of parking facilities and the location of stores in relation to traffic flows.

Colours and symbols (or logos) are also significant in establishing an image for a store. The "top-hat" symbol of the Man Store creates the impression of a high class store. A major family clothing store, Virene's Ltd. (Plate 10:7), redesigned its letterhead logo

32 Ibid. p.51.

and its interior colour scheme - chiefly in purple - in an attempt to revise its image from that of a high price, rather conservative store to that of one with emphasis on style and fashion. Design of logos is also significant to oil companies and service stations. Eaton's new Horizon chain will employ "... supergraphics on the walls to indicate departments - e.g. a pair of hot lips symbolising cosmetics."³³

Advertising is an important factor in expressing the character of the store, as it is in expressing the character of individual items of merchandise. Newspaper advertising, for example, can illustrate by layout and typography whether a store emphasizes price, merchandise variety or quality and style.

Finally, the image of the store is created by the quality of the store personnel and their reactions to customers. Even supermarkets attempt to build the image of friendliness in their advertising; cheerfulness, courtesy and helpfulness are attributes of a sales clerk which will encourage a shopper to return to that store.

Promotions. Though the practice is less common today than in the early and middle 1960s, individual stores or groups of stores have attempted to attract shoppers by means of promotional devices such as contests, draws and lotteries involving substantial prizes, and by giving trading stamps. The widespread use of trading stamps by grocery chains in the early 1960s culminated in a Prices Commission investigation in 1966. As an editorial in the Canadian Grocer pointed out:

³³ Roseman, Financial Post, July 8, 1972, p.4.

Under open competition there can be no criticism of any above-board promotion plan that proves popular with the public, and gets results. The problem arises from the apparent inability of competitors to come up with competitive reactions that are different, that give shoppers a choice, not a copy... Retailers should resist me-too promotions... whenever there is an indication that similar tactics may remove choice from the market place.³⁴

At the present time, national manufacturers of soft drinks, gasoline companies and supermarket chains continue to promote various forms of contest games.

While the foregoing has been concerned with competitive tactics between individual stores, it should be noted that it applies also to competition between retail areas - for example, between businesses in the city centre, shopping centre or neighbourhood shopping areas acting in each case through merchants' associations. One centre may emphasize "one-stop" shopping, another the friendliness of its personnel and yet another its price range. Competition between centres may also be concerned with improving the general accessibility of the centre; as such improvements involve traffic flows, parking restrictions, municipal zoning and other ordinances and are, therefore, partly outside the individual retailer's control, they will be considered in Chapter VI.

34 Editorial "Canadian Grocer", July 1972, p.4.

CHAPTER VI

FACTORIAL ANALYSIS PART III: PUBLIC POLICY

Models of urban land use patterns emphasize competition amongst land users, primarily involving their ability to pay rent for locations with maximum accessibility to their markets. Activities which can afford a central location displace those that cannot to peripheral locations and consequently, concentric zones of differing land uses and densities develop around the centre. The limiting assumptions of such models necessarily omit consideration of a complex of other factors which are relevant in determining the detailed siting of specific uses within a particular city. Of particular importance, besides the economic factors discussed in the previous two chapters, are the effects of public policy through municipal participation in the form of zoning and building controls, urban renewal schemes, and improvements in municipal services such as roads and parking facilities. In this chapter, these effects as they influence the location of retail activities will be considered for the city of Sault Ste. Marie only.

ZONING CONTROL

In Chapter II, it was pointed out that prior to the amalgamation of the townships of Korah and Tarentorus with the city in 1966, no effective control of land use existed outside the city boundary.

The lack of such controls encouraged rapid areal growth into the suburban areas after 1956; building standards were low, services were badly needed and the new subdivisions had yet to be integrated with the existing urban area. While these comments applied particularly to residential areas, the lack of municipal controls had some influence on retail location as well. One example may be cited. The first discount department store (K-Mart) to be located in Sault Ste. Marie was built in 1964 on the Tarentorus side of the city boundary. While the fact that the land was then undeveloped and easily accessible was undoubtedly relevant, the absence of a by-law regulating store-closing hours in Tarentorus had considerable significance also. This factor will be considered more fully later in this chapter.

After amalgamation, the city enacted in 1969 By-law 4500, a "comprehensive restricted area by-law to regulate land use for lands within Sault Ste. Marie".¹ Such a by-law comes under the Planning Act, R.S.O. 1960, and is subject to public review at Planning Board, City Council and Ontario Municipal Board levels before receiving Provincial approval. Though Bourne suggests that: "Because zoning post-dated the development of older central cities, and because the existing knowledge of land use distributions and the desired form of future cities was meager indeed, zoning could do little more than reflect the land use pattern of the time",² By-law 4500 sought to give direction to the future growth and development of Sault Ste. Marie. Certain areas were zoned for uses other than the existing ones, making the latter, in effect, "non-conforming uses";

1 Explanatory Note to By-law No.4500, Sault Ste. Marie, 1969.

2 Larry S. Bourne, Private Redevelopment of the Central City, Department of Geography Research Paper No.112, (Chicago, University of Chicago 1967), p.93.

any change in such uses can only be in accordance with the new designated use unless a change in zoning is approved; such a zoning change must be approved after public debate at the three levels of consultation.

The major implications of this By-law for retail land use will now be considered; the areas affected are shown on Figure 6:1. By the use of planned development, rural area and holding categories, control is exercised over the spread of residential uses beyond the present built-up area of the city. The planned development (residential uses) and holding (mostly non-residential uses) zones are designed to control land use until such time as proper development of the land is possible. Residential development in the rural area zone can take place only on three-acre lots; residential growth must consequently take place within the present built-up area and this will have the effect of increasing population densities and intensifying the retail market. Urban sprawl of the last fifteen years has had the effect of dispersing the market, one result of which has been the establishment of suburban shopping areas.

The By-law seeks to control the character of residential areas as well as their location. Lot size, lot coverage and dwelling type are specified for eleven residential zones. Population density is thereby controlled. Only in three zones are buildings over two storeys permitted; of particular interest to retailing is the location of this high-density housing. Areas zoned for the future development of this type of housing are shown in Figure 6:1. Most are in conjunction with urban renewal schemes, for example in the James Street, Gore Street and waterfront areas.

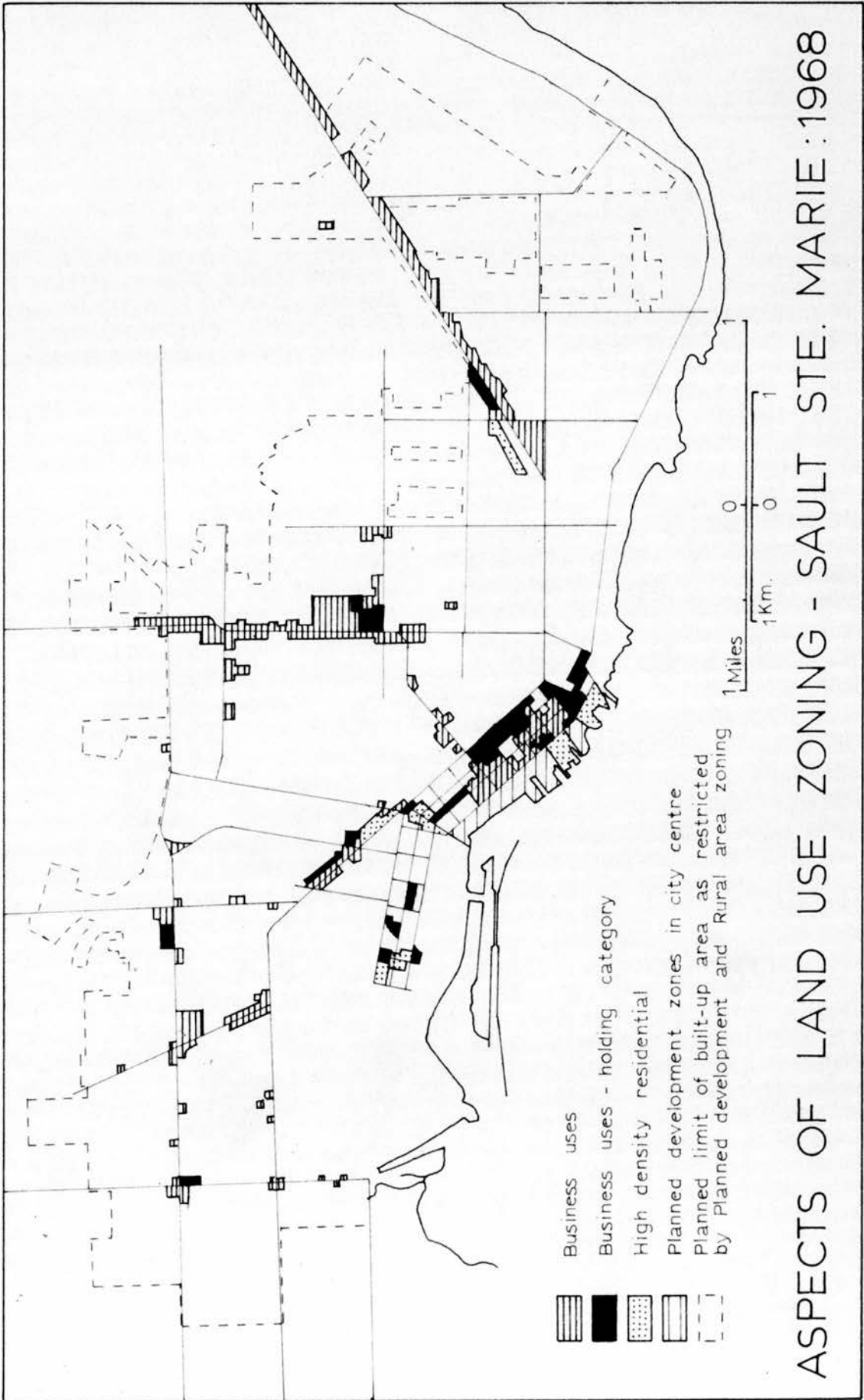


Figure 6:1

The concentration of high-density housing in these areas reflects both land values and the desire to increase population in, and adjacent to, the city centre and thereby to improve the market for retailers in the city centre.

The By-law specifies areas reserved for business purposes; all six business zones have retail stores as a permitted use, though "local business zones" permit only certain types. The extent of these zones is shown on Figure 6:1 and it is clear that they reflect in large measure the existing retail distribution. However, the distribution of business holding zones should be noted. The zoning of an existing retail area along Gore Street for residential purposes and the designation of holding zones north and east of the city centre east of Bruce Street, suggest the planners' aim to concentrate city centre uses closer to Brock and East Streets in conjunction with the Waterfront Urban Renewal Area and thus, to provide depth to what has been essentially a linear city centre. Such developments, though still in the future, would perhaps make the city centre more attractive to shoppers by increasing the range of goods and services available within a specified radius. The disappearance of the James Street shopping area, again part of an urban renewal project, is shown by business and residential zoning in the West End. Other areas zoned for business in the holding category reflect a concern for provision of space for future local business requirements; on the other hand, no area presently undeveloped is zoned for a planned shopping centre. In addition to specifying areas reserved for business uses, the By-law also lays down minimum requirements for frontage, yard provision, and parking. It is possible that such requirements

might add to the cost of developing land. For example, a retail store must provide, either on the lot or close to it in certain cases, one parking space for every 300 square feet of floor area; a shopping centre of the size of Churchill Plaza would require to provide space for 460 cars. Adequate parking facilities would naturally be provided in suburban centres but fulfilling this requirement in the city centre presents certain difficulties as will be indicated in the section on parking provision later in this chapter.

Finally, the absence of strict zoning controls even in the city prior to 1969 has had the effect of encouraging an over-expansion of retail floor space, understandable in view of a city's desire to increase taxable assessment. The City Centre Study undertaken by Murray V. Jones & Associates Ltd. includes forecasts for population, income, and retail floor space growth to 2001. These are summarised in Table 6:1. As can be seen, the consultants recommend restrictions on the growth of retail floor space to 1981; while population is forecast to grow by 1.24 per cent annually and income by 2.3 per cent, floor space growth should be restricted to 1.66 per cent growth to allow consumer demand to catch up with available floor space. After 1981, the projected growth rate of floor space annually approximates, at 3.95 per cent, the growth rate envisaged for population and income combined.

Zoning provisions are not, of course, immutable; By-law 4500 reflects the thinking of the city's planners in 1968 and incorporates within it the zoning necessary for the two urban renewal projects previously referred to. Since 1968, however, amendments have been made in these urban renewal projects and a plan for a major commercial

TABLE 6:1

FORECASTS OF POPULATION, INCOME AND RETAIL FLOOR SPACE
SAULT STE. MARIE 1971 - 2001

Year	Number	<u>Population</u>	Annual Per cent Change	<u>Income (Per Capita)</u>	Annual Per cent Change	<u>Retail Floor Space</u>	Annual Per cent Change
				Amount (1966 \$)		Amount (thousands of sq.ft.)	
1971	78,900	}	1.24	2,560	}	1,598.5 ^a	}
1981	88,700		2.0	3,150		1,869.8	
2001	124,300			4,320		3,341.3	

^a 1970 data

Sources: Murray V. Jones and Associates Ltd., City Centre Study,
(mimeographed).

Population Forecast - Progress Report No. 1, Forecast of Employment
and Population, Table A, Appendix A2.

Income - Progress Report No. 1, Table B, Appendix A3.

Retail Floor Space - Progress Report No. 2, Development Options for
the City Centre - Economic Aspect, Table J,
Appendix A18.

development by the Algoma Central Railway on its own land on the west of the waterfront has been put forward; as a result, thinking on the future role of the city centre has changed. These developments will now be considered.

URBAN RENEWAL PROJECTS

Two urban renewal schemes are presently in progress in Sault Ste. Marie, one in the West End between Gore and West Streets from Cathcart Street to Queen Street West and the other on the waterfront adjacent to the city centre.

Need for renewal of the West End was outlined initially in 1961 at which time, the area was described as being "blighted". Figure 6:2 shows the land use of this area prior to urban renewal in 1968 and the main categories of land use proposed for the area. Major changes include the expansion of school sites (institutional areas) and the related open space, the replacement of single-family housing in the vicinity of James Street by high-density housing, and the replacement of the shopping centre along James Street with a convenience-type centre at James and Cathcart Streets. Work on the first housing units was to begin in 1972 at the corner of Cathcart and West Streets; most retail stores along James Street were vacant by 1972 and only the hotel and the furniture and hardware store at the corner of Cathcart and James Streets will be incorporated in the new shopping mall. (Plates 11:6 and 11:7). The architects have proposed that this mall include a 10,000 square foot grocery store, a liquor store, a drug store, which is a necessity in view of the proposed senior citizens' housing, a clothing store and specialty stores which reflect or complement the ethnic character of the

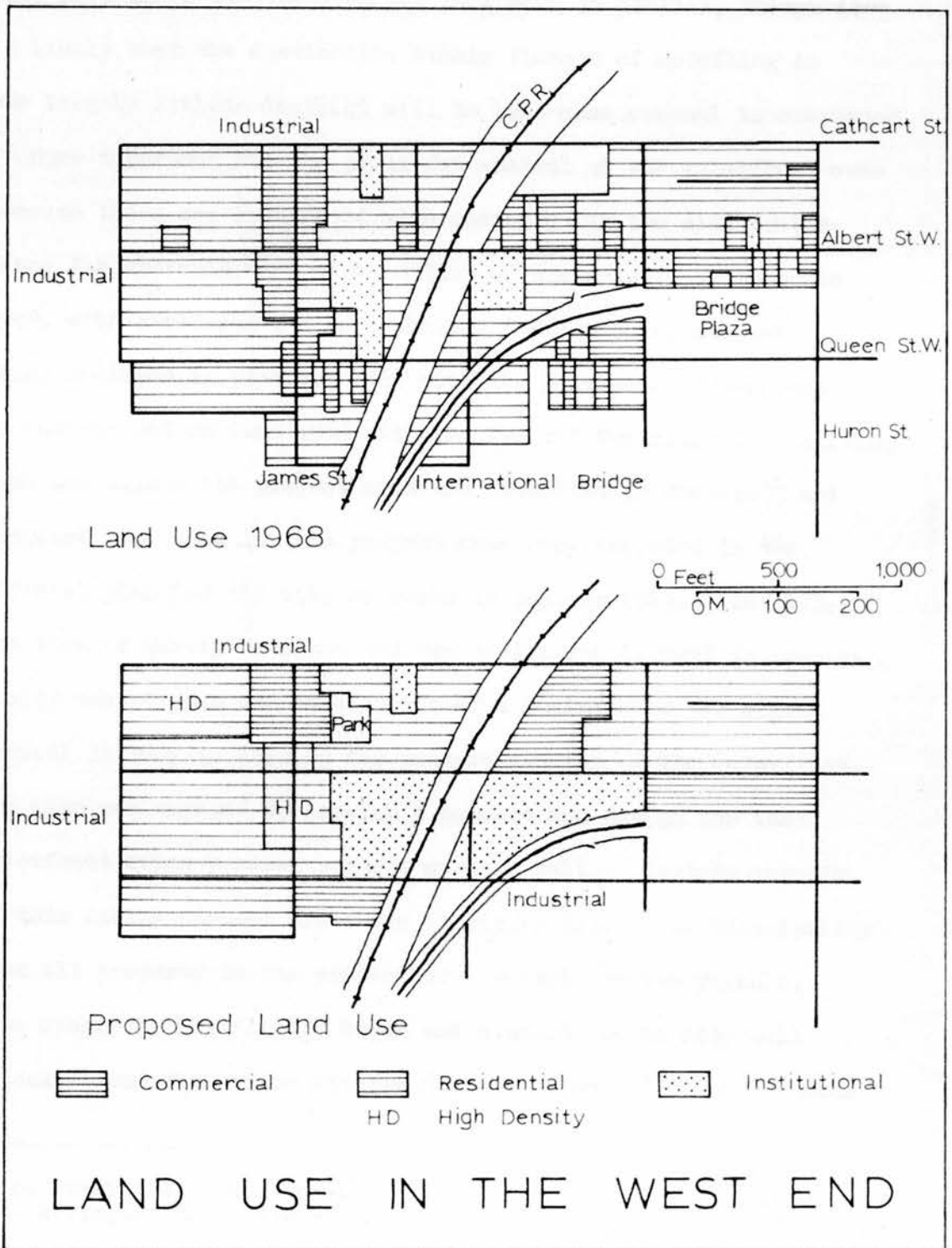


Figure 6.2

neighbourhood. Service uses might include a bank, post office, laundromat and barber shop.³ The loss of retail facilities along James Street will not have any major effect on retailing in the city as a whole for the area has long been in decline, though it is likely that the distinctive ethnic flavour of retailing in the largely Italian district will be lost when renewal is completed.

More important are the plans for renewal of the waterfront area because these are integrated with concepts for the city centre. Plans for redevelopment of a portion of the waterfront began in 1962, with agreement for cost-sharing for the total project being achieved in December 1967 with the Provincial Government of Ontario and in June 1968 with the Federal Government. Existing land use within the project area was described in Chapter II and proposed land uses for the project area were included in the official plan for the city approved in October 1969. In 1970, the firm of Murray V. Jones and Associates was engaged to develop a city centre plan and as a result of a decision by the Algoma Central Railway to develop the western section of the waterfront, the firm was engaged to develop a concept and design for the Riverfront Urban Renewal project area as well. Certain aspects of this design concept are shown in Figure 6:3. The Municipality owns all property in the project area except for two parcels. Site clearance has already begun and a start on the City Hall (Block A) and the Senior Citizen Complex (Block E) should be made

³ D. Perry Short, and Marani, Rounthwaite and Dick, Associated Architects, James Street Mall (Mimeographed, 1971) pp.1-7, 1-8.

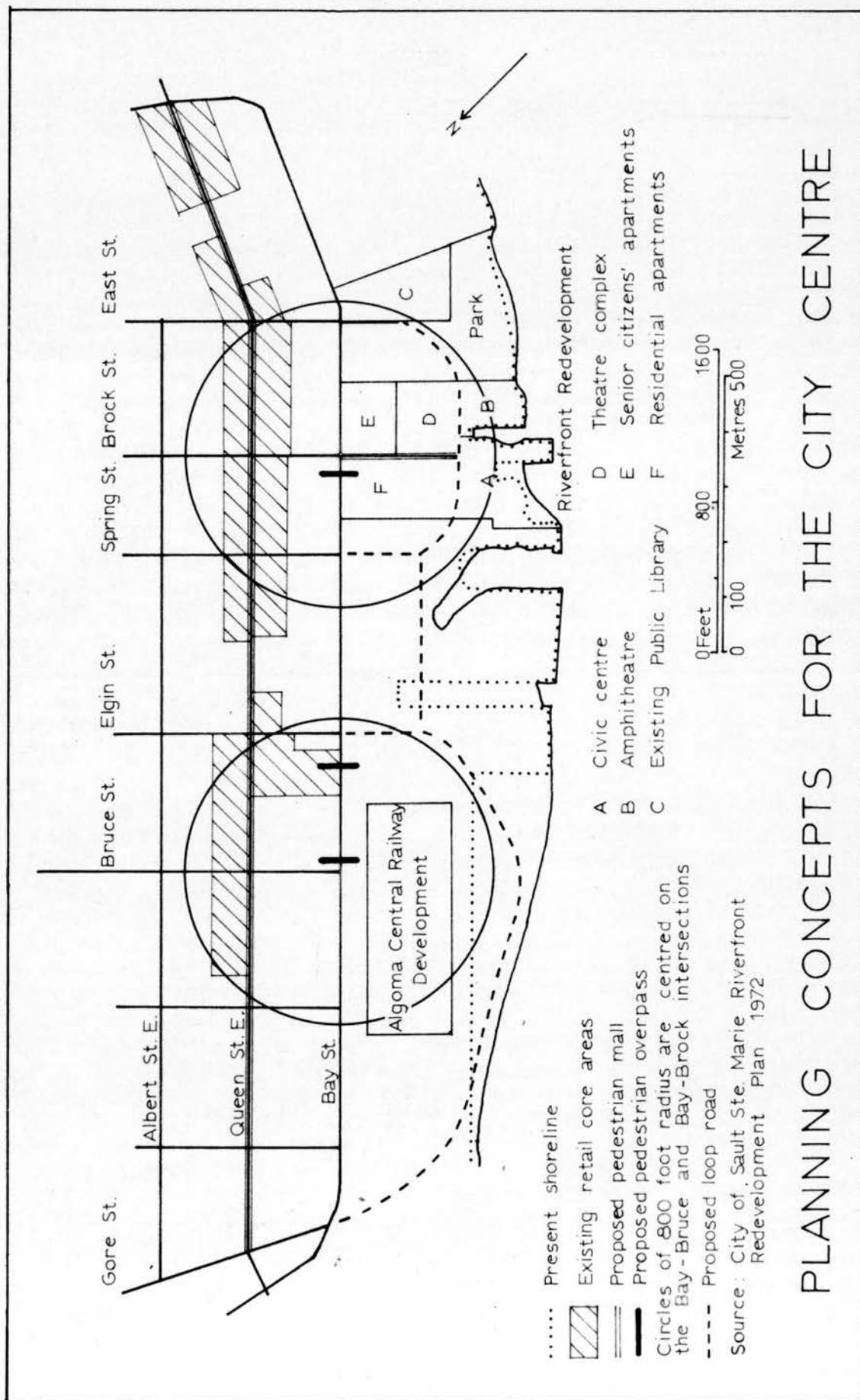


Figure 6:3

by 1973, though full implementation of the plan must await relocation of the Texaco bulk oil storage and the A.B. McLean Ltd. sand and gravel yard which will not occur until 1974 or 1975. The proposed concept has important implications for the future of the city centre and for its retailing facilities. The aim of the waterfront redevelopment is clearly:

To ensure that the City Centre develops as the main centre for social, cultural, commercial, governmental, tourist and waterfront recreational activities [and to] sustain, improve and expand the development of the Central Business District as the main commercial centre of the city.⁴

The project is not designed to add new retail facilities to the existing city centre stock but rather to strengthen the existing commercial area by attracting people to the city centre. It is hoped to achieve this in a number of ways. As is well-known: "Most Canadian cities have virtually destroyed their downtown waterfronts by allowing incompatible uses to take away the urban waterfront from the citizens."⁵ Hence, the project emphasizes the return of the waterfront to the citizens by allowing for riverfront parkland, by siting the new City Hall on the water's edge and by creating a pedestrian spine from Brock Street to the City Hall location. The project also incorporates some residential development in the initial form of a 126-unit apartment tower for Senior Citizens and an 8,000 square foot drop-in centre with parking and outdoor recreational space on Block E (Figure 6:3). Later

4 M.V. Jones and Associates Ltd., Revised Concept for the City Centre, Sault Ste. Marie, Ont. (Toronto, mimeographed, 1971) p.2.

5 Sault Ste. Marie and Area Planning Board, City of Sault Ste. Marie, Riverfront Redevelopment Plan 1972, p.14.

development of Block F will be predominantly as residential apartments. Future uses for Blocks B, C and D are compatible with the concept of an attractive civic centre and include an amphitheatre, a Little-Theatre complex, indoor and outdoor recreational facilities and offices. As the redevelopment plan will not be completed until 2001, these uses are planned for the long term only. Overall, it is anticipated that the more immediate developments should have the effect of improving the general environment of the city centre. Though not within the project area, the proposal to create a full or partial pedestrian mall on parts of Queen Street is designed to have a similar effect.

Implementation of these proposals would have the effect of shifting the centre of gravity of the city centre towards the east with a focus especially on the Brock and Queen intersection. The proposal by the Algoma Central Railway in 1971 to develop south of Bruce Street a motor hotel, convention facilities, office space, apartments, and a shopping centre with a major department store, will partially nullify this aim. The Algoma Central Railway has approval to proceed with the first phase of this project which will include office space and some retail floor space (though less than originally envisaged) including the department store. As regulated by by-law, this first phase (1972-1976) will include: Food store maximum 30,000 square feet, Department store maximum 120,000 square feet, and secondary retail 127,000 square feet.⁶ This development will shift the centre of gravity of the city centre towards Elgin Street; the presence of the Woolco department store between Bruce

6 Information from John Bain, Planning Director, Sault Ste. Marie and Area Planning Board.

and Elgin Streets will, along with the new store, create a department store "anchor" in the west. This private project along with the public waterfront one will be important in providing the needed dimension of depth to the city centre, ending its linear character; undoubtedly, this should provide needed cohesion to the centre. This cohesion is suggested on Figure 6:3 by the circles of 800 feet radius which illustrate the pedestrian scale of the regional shopping centre of Yorkdale Plaza in metropolitan Toronto. While some retailers may be hurt by the competition created by the retail development of the Algoma Central Railway project, most recognise that they can only gain from any project which successfully attracts people to the city centre as workers, residents, shoppers or seekers for entertainment.

Urban renewal of the city centre area is clearly a means by which, it is hoped, the flight to the suburbs of retail and office facilities, and of residents can be slowed, arrested and perhaps even reversed in time. It remains to be seen whether or not public intervention can recreate the dominant position that the city centre once held as the chief commercial, cultural and administrative centre.

MUNICIPAL ROAD AND SERVICE SYSTEMS

Municipal road systems and the provision of parking facilities are part of the basic infrastructure for urban development; any major changes in these may affect the choice of business location in the city and the movement of consumers to business centres.

In Chapter I, certain aspects of the street system of Sault Ste. Marie were discussed in relation to topographic considerations and

to survey patterns which together determine the characteristics of that system. These observations will be reviewed at this time as the basis for a discussion of the effects of alterations and improvements in the street pattern.

Major traffic flows in Sault Ste. Marie take two forms: the movement of consumers and workers to the city centre from outlying residential areas, and the movement of workers to the major employers in the west of the city from residential areas in the north and east. Movement to the city centre from the west must take place along Wellington Street West, while that from the east must take place along Wellington Street East and Queen Street East. The direct route from east to west across the city must therefore pass through the city centre (Figure 6:4). Above the Lake Nipissing shoreline, no east-west route bypassing the city centre existed until McNabb Street was extended to join St. George's Avenue in 1971. Access to the city centre from residential areas in the north-east is primarily by Bruce Street, Pim Street and Pine Street; each of these streets surmounts the shoreline in a short but steep ascent, frequently treacherous in winter. Traffic on each of the access routes is subject to delays at grade (level) crossings on the Canadian Pacific Railway line from slow-moving freight trains approaching the yards. Within the city centre, traffic on the four linear streets (Wellington Street East, Albert Street East, Queen Street East and Bay Street) is channelled onto Gore Street in the west and East and Pim Streets in the east. At or adjacent to these streets, a serious misalignment of streets occurs due to the joining together of different survey patterns; examples occur at the intersections of North, Wellington and Gore Streets, and Pim, Wellington and Church Streets. These misalignments impede the smooth

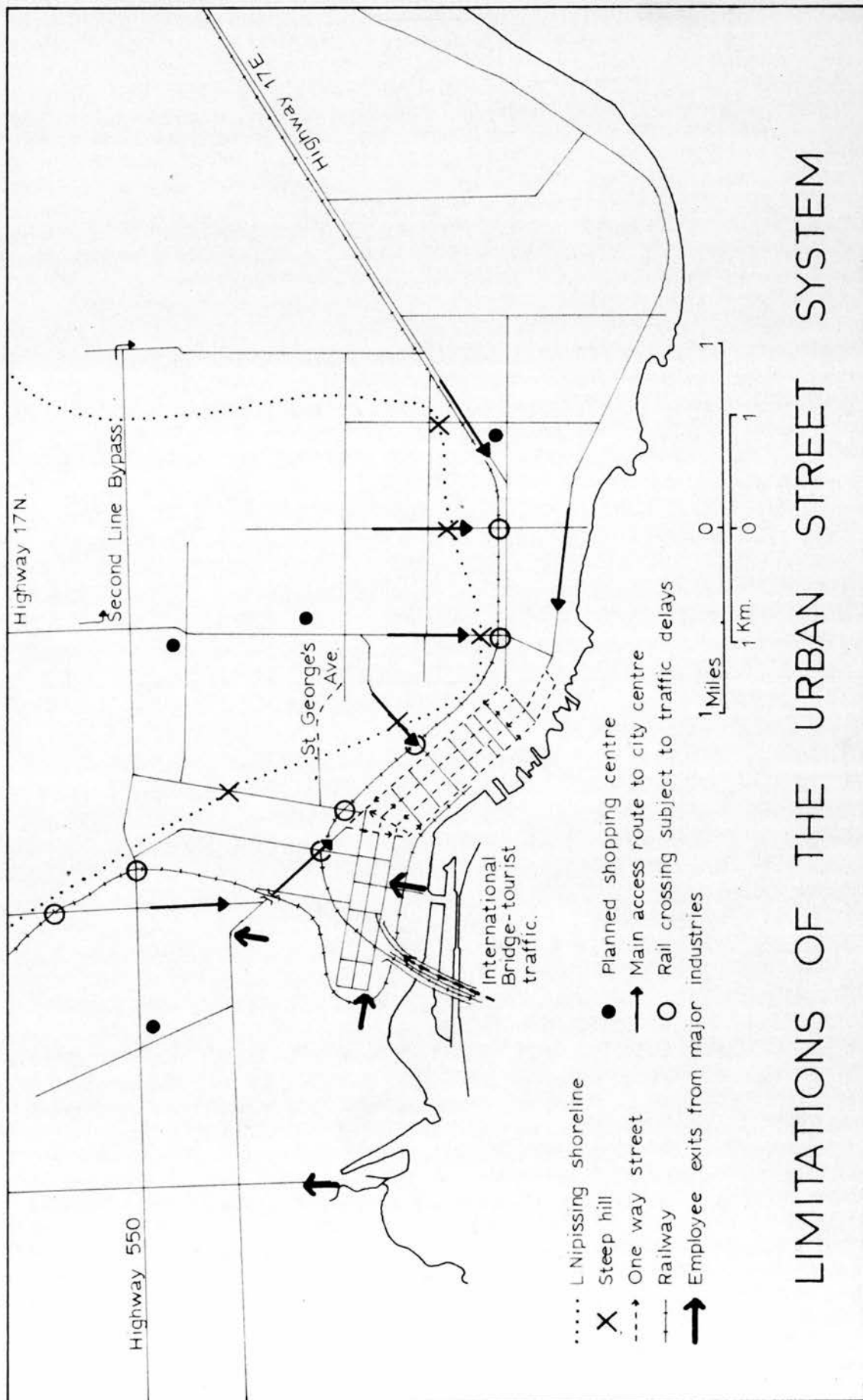


Figure 6:4

flow of traffic. It is apparent, therefore, that the street pattern is unsuited to easy east-west movement and that ease of access to the city centre is reduced by topography and rail lines. Nevertheless, the city is not so large that an unreasonable length of time need be taken to reach the city centre; travel time in 1960 (the date of the last traffic study) from the Brock and Queen Streets intersection to the edge of the built-up area, three miles away, was only ten minutes,⁷ though abnormal conditions would no doubt increase this figure. Certainly, travel time will be greater at the present time. As was pointed out in Chapter IV, the inadequacy of public transport leads to dependence on the private automobile for journey to work or shopping and though travel times are not extreme, there is still a need to improve access to the city centre. As Figure 6:4 shows, the shopping centres that have been built since 1960 are located adjacent to major highways in interceptor locations and are thus more easily accessible to certain parts of the city than is the city centre. Though much could still be done, access to the city centre has been improved by the building of an underpass at the Algoma Central Railway crossing on Wellington Street West in 1960 (Figure 6:4), by the widening to four lanes of Queen Street East east of Church Street, Wellington Street East, and Highways 17 North and East, and by the lowering of the gradient on Bruce Street hill in 1972 (Plate 6:1). Routes bypassing the city centre have been provided by the Highway Bypass on Second Line in 1970 and by the McNabb Street extension in 1971 (Figure 6:4).

7 M.M. Dillon & Co. Ltd., Traffic and Transportation Study, Final Report 1962 (Toronto, 1962).



Plate 6:1

Bruce Street Hill

At this point Bruce Street descends the Lake Nipissing shoreline. The gradient was much reduced by reconstruction work in 1971.

In addition to local traffic, tourist traffic, to and from the International Bridge flows through the city centre along Bay and Wellington Streets to reach Highways 17 North and East and tends, therefore, to add to traffic moving to and from local industry in the western end of the city. However, the location of the Bridge Plaza puts the city centre at an interceptor location between bridge and out-going highways, a fact which may provide considerable advantage to commercial interests in the city centre.

Congestion within the city centre led to the introduction in 1960 of a one-way street system between Pim and Andrew Streets in order to increase the capacity of the street system and reduce congestion at intersections (Figure 6:4). Gore Street became one-way northbound and merchants along Gore Street claim that this adversely affected their business in that eastbound motorists heading for the centre do not first pass along Gore Street, while westbound motorists are leaving the city centre. As Queen Street is one-way westbound, the same claim could perhaps be made for the western end of Queen Street. Proposals to convert all or part of Queen Street in the city centre into a pedestrian mall have in the past foundered on the need to retain it as a through traffic route and to maintain cross-street traffic between Wellington, Albert and Bay Streets. Provision of new roads as part of the waterfront redevelopment (Figure 6:3), may enable sections of Queen Street to be closed to vehicular traffic in an attempt to improve the shopping environment. Pedestrian malls have proved successful in a number of centres, for example Kalamazoo, Michigan and Ottawa, Ontario.

Traffic congestion and inadequate parking have frequently been cited as major factors in the decline of retail business in the centre and the movement of business to the periphery. The Mulvihills summarise the commonly held view thus:

As more and more people drove their cars into the CBD for work or for shopping, the downtown area became literally strangled by excessively heavy traffic ... Those who had to go downtown for their work were occupying all available parking spaces. Those who wanted to go downtown for shopping, or for any other reason, found it difficult, if not impossible, to find a place to leave their cars. What had formerly been a pleasant day of shopping in the downtown area rapidly became a time of frustration and disappointment.⁸

The ease of parking is therefore as important to the shopper as the ease of movement. Figure 6:5 shows the disposition of parking facilities in the city centre of Sault Ste. Marie in 1971. Parking space is provided by some businesses adjacent to their premises for the use of employees and customers; the provision of basement parking in the Woolco Department Store is notable as the only example of its type. Public provision of parking is under the control of the municipal Parking Authority which operates free off-street parking lots with space for three hundred and seventy-five cars. These have been sited to allow for easy access to most of the city centre and are designed for short-term parking only. Financing of these parking areas is of interest. Under By-law 3345, which was approved in February 1965, the municipality is empowered to levy special annual rates on businesses adjacent to these lots to cover the costs of land acquisition, construction and operation. These rates are included as part of the commercial assessment and are defined according to the benefit derived from the lot.

8 Mulvihill, pp.88-89.

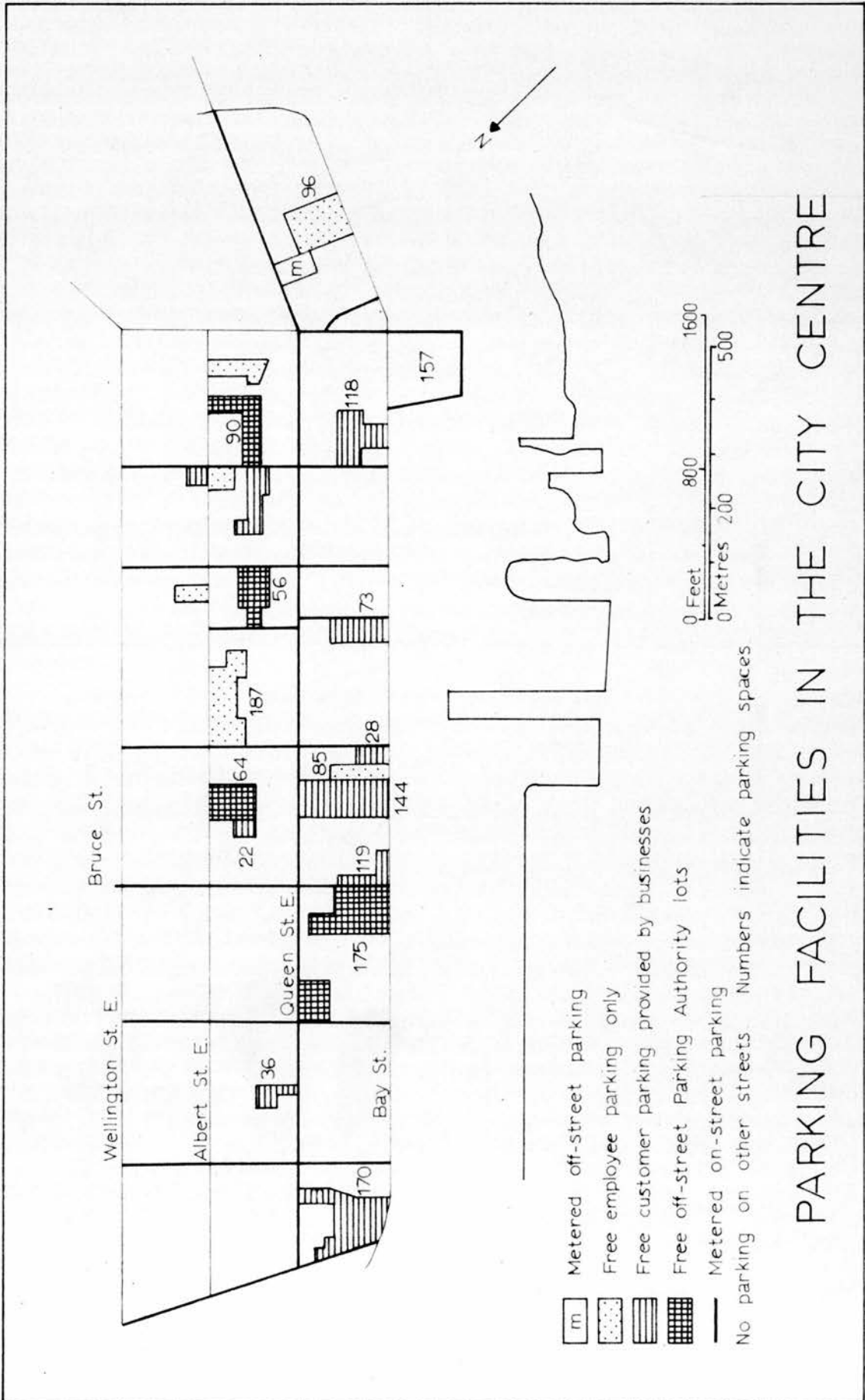


Figure 6:5

Businesses are required to provide a specific number of parking spaces dependent on the type of business and its floor area; a business which provides on its own property, the parking spaces as defined in the zoning By-law would not, of course, pay the parking levy. Businesses are, in fact, taxed for more parking space than is actually available at present, the surplus revenue being reserved to build a fund for the creation of further municipal parking facilities. Present aims are to create: "... consolidated and expanded facilities... as opposed to small parking areas inter-disposed throughout the C.B.D."⁹ The municipality believes that it was the first one in North America to adopt this method of financing publicly-owned parking facilities. While merchants interviewed were unanimous in their view that the provision of even better parking facilities is critical to the survival of city centre stores, there is some evidence that the method of financing the parking lots hinders the entry of new businesses into the city centre by adding to development and/or annual costs. (A developer may now make a cash payment in lieu of the parking deficiency under the zoning By-law). The completion of a major restaurant development in a vacant store was delayed for over a year because of the additional financing involved in providing for a parking deficiency.

In addition to off-street parking, short-term metered parking is provided on both sides of Queen Street and on the cross streets, a total of 546 spaces being available. Parking prohibitions would, no doubt, improve traffic flows along Queen Street and off-street parking is now adequate for this to be done.

9 Revised Concept for the City Centre, p.2.

OTHER MUNICIPAL ACTION

Finally, it should be noted that the municipality and other levels of government have the legal right to enforce ordinances relating to the operation of retail stores. In Sault Ste. Marie, the municipality exercises control over store hours, as was pointed out in Chapter V, and the city By-law preventing stores from remaining open during the evening was one factor in the decision to locate the K-Mart store outside the city boundary. After amalgamation of the townships with the city in 1966, K-Mart defied the city By-law by remaining open during the evening. Court action followed but immediately after the city's right to regulate store hours was upheld in the Supreme Court of Ontario, the By-law was repealed. Stores in the city centre and in Churchill Plaza remain open on Friday evenings only; discount department stores and supermarkets remain open until 10 p.m. six days a week. The existing store-closing By-law prohibits stores from opening on specified holidays and on Sundays but confectionery stores are excluded from this regulation. In 1972, a discount department store sought to challenge this By-law by remaining open on public holidays and fines under the By-law were insufficient to act as a deterrent. As the Lord's Day Observance Act is under review in Ontario, it is clear that there is considerable impetus behind efforts to extend store trading hours. Such extensions would benefit only stores which operate on a large scale, by enabling some of them to increase their store capacity by more effective competition with their rivals.

Provincial legislation affecting hours and conditions of work and establishing minimum wage levels can also affect the costs of operation of a retail store; all stores are thereby affected.

The current concern for consumerism in Canada, especially directed at the food trade, is reflected in the Federal Government's prosecution of retail stores for misleading advertising and in its investigation of the advantage of uniform package weights and unit-pricing in grocery stores, which may have the effect of increasing business costs.

CHAPTER VII

CHANGES IN RETAILING STRUCTURE 1923 - 1971

Chapters IV, V and VI focussed on the complex of factors which are instrumental in effecting changes in the number, sales, types and locations of retail stores, and such a discussion necessitated the isolation and dissection of these factors. While their role in changing the nature of retailing was commented on in passing, it is necessary now to synthesise the effects of these factors into a coherent whole. This chapter will therefore present a more detailed consideration of the growth of the retail field and changes in the number, sales and types of stores and their organisation at the national and local level. It is intended to provide a frame of reference for the later examination in depth of these changes in Sault Ste. Marie over the longer period from 1901 to 1971.

THE GROWTH OF THE TOTAL RETAIL FIELD

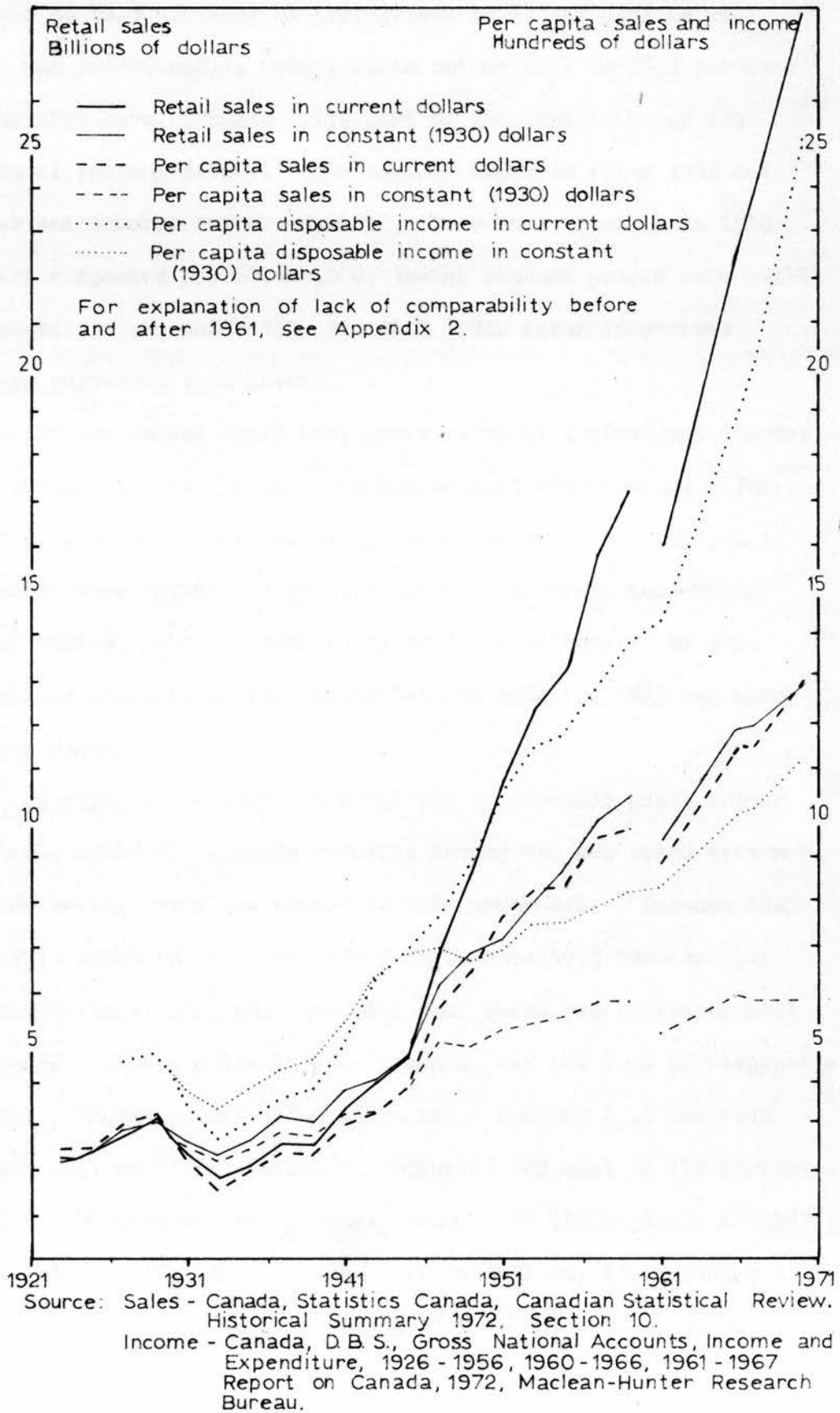
As was noted in the introduction to Chapter IV, major changes have occurred in Canadian society and economy in this century. As Canada has become less oriented to primary production since 1901, population has become more and more concentrated in urban areas. Individual incomes have risen sharply and there has been a marked increase in the physical volume of retailing.

Figure 7:1 traces the growth of retail sales in Canada since 1923, the first year for which estimates are available. Six series are illustrated: total retail sales, retail sales per capita and per capita disposable income, each in current and constant 1930 dollars.¹

Between 1923 and 1970, the physical volume of sales increased almost thirteen times from \$2,179,000,000 in 1923 to \$27,793,000,000 in 1970. Part of this growth can be attributed to inflation and consequent price rises; in real terms, the volume of sales increased by almost six times from \$2,162,000,000 in 1923 to \$12,570,000,000 in 1970 (Figure 7:1). Almost half of the remainder of this growth can be accounted for by population increase and the rest by the increasing prosperity of Canadians. In real terms, per capita sales increased 2.41 times from \$244 in 1923 to \$588 in 1970, a rate which is closely followed by a 2.71 times growth in real personal disposable income from \$418 in 1926 to \$1,136 in 1970 (Table 4:1 and Figure 7:1). The three factors largely responsible for total growth in sales volume are inflation, population increase, and expanding national output and related higher personal incomes. As these have varied in their relative importance over the last fifty years, the growth in sales will be examined in more detail.

Prior to 1929, the Canadian economy grew strongly and inflation was negligible; by 1929, retail sales had topped \$3,000,000,000 for the first time. The Depression that began in 1929 caused rising unemployment and declining national output and personal income.

¹ Only data for 1930, 1941, 1951, 1961 and 1966 are census derived; those for all other dates are estimates. Some changes in the classifications of retail types have taken place, notably for the 1961 Census (See Appendix 2). In essence, however, the pattern of growth in Figure 7:1 is correct.



RETAIL SALES AND DISPOSABLE INCOME: CANADA : 1923-1970

Figure 7:1

In 1933, the consumer price index stood at 78.1 (1930 = 100) and incomes at 56.5 per cent of 1929 levels or 73 per cent in real terms and consequently, retail sales volume fell to 56.2 per cent of the 1929 level (Figure 7:1), part of the decline being the result of falling prices. The economy improved after 1933 and prices and incomes rose. By 1937, the volume of sales in 1930 Dollars surpassed \$3,000,000,000, though because prices were still depressed, it was not until 1941 that total sales in current Dollars surpassed that level.

During the Second World War, gross national product and incomes rose sharply as the economy expanded to meet war demands. For retailers, sales growth was slow; with shortages and rationing, consumers were spending only 51.5 per cent of their incomes in retail stores, compared with 60 to 70 per cent before the war. Per capita increase in real sales between 1941 and 1943 was under one per cent.

Sales expanded rapidly after the war as consumer goods became available again and demands deferred during the war years were met. Wartime savings were now converted into purchases. Between 1945 and 1947, sales in constant 1930 Dollars rose 35.5 per cent (in current Dollars, 52.3 per cent) and real sales per capita by 30.6 per cent. Retail sales in 1947 reached 72.9 per cent of disposable income. Though retail sales increased a further 22.4 per cent between 1947 and 1949, inflation accounted for most of the increase. In 1945, the Consumer Price Index reached 100 (1930 base), in 1947, 112.2 and in 1949, 132.9. Per capita retail sales and personal income in real terms fell between 1947 and 1949 (Figure 7:1).

Economic recessions between 1953 and 1955, in 1957 and in 1960 affected retail growth. Though retail sales rose by over fifty per cent between 1951 and 1961, inflation and population growth were largely responsible. Per capita sales in real terms increased by only one per cent in the same period.²

Between 1961 and 1967, the national economy prospered as the Gross National Product rose from \$37,741 million to \$62,068 million. Per capita disposable income rose from \$1,430 to \$2,010 (in constant 1930 Dollars from \$830 to \$1,010) in a six-year period. Sales volume increased, though to a lesser extent; the proportion of sales to income which had stood between 67 and 74 per cent during the 1950s fell to 56.9 per cent by 1967. Similarly, though the Gross National Product rose by a further \$20,000 million in the next three years, retailers enjoyed little benefit. Inflationary pressures increased and the proportion of retail sales to income fell to 51.5 per cent by 1970 - the lowest ratio since 1943. The pattern of retail sales growth points up the fact that as income rises, a smaller proportion is spent on goods; this was discussed in Chapter IV. By 1970, therefore, retail sales per capita in real terms were the same as in 1961 and lower than in 1966 (Figure 7:1).

Similar patterns can be expected in the more selective fields of a city or groups of cities, though local economic conditions would also be temporarily significant. Unfortunately, only census data from 1930 to 1966 are available at this scale and data for 1970 are estimates only. Further, major changes in the boundaries for urban

2 If these figures are adjusted to take into account changes in retail classification (Appendix 2), retail sales growth between 1951 and 1961 was over 70 per cent and real sales per capita increased by 14.1 per cent.

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areas were made prior to the 1961 census and this, together with changes in retail classification for that census (Appendix 2), makes direct comparison before and after 1961 impossible.

However, some generalisations, useful in assessing the universality of national trends, can be made regarding the growth of sales in the Ontario city group and in Sault Ste.Marie.

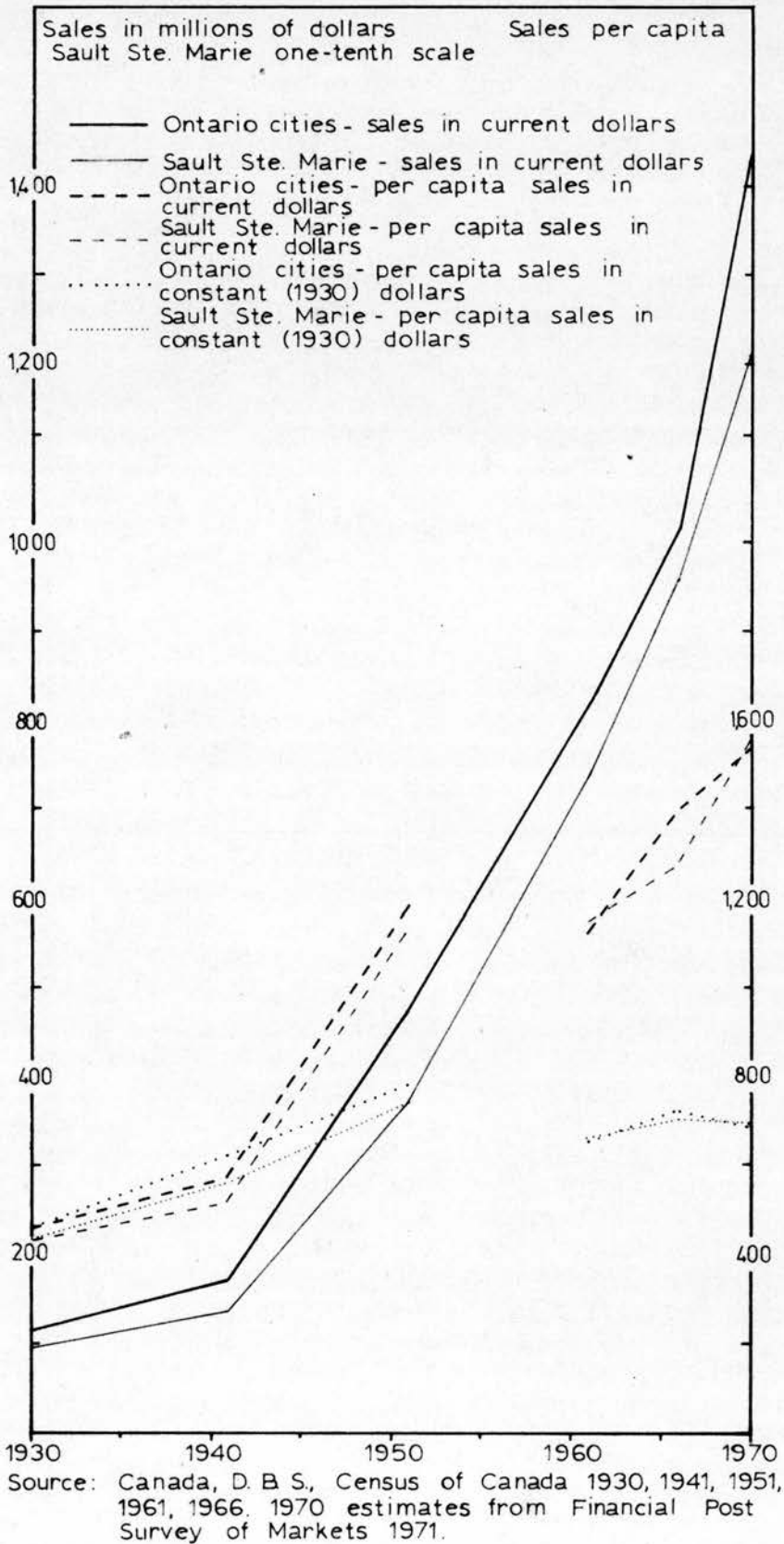
Figure 7:2 can be compared with Figure 7:1 in that it traces the growth of retail sales and sales per capita in current and constant Dollars for the Ontario city group and Sault Ste.Marie. In 1970, total sales in 1930 Dollars were estimated to be 5.40 times the 1930 level for the Ontario cities, 5.48 times for Sault Ste.Marie and 4.55 times nationally (Table 7:1).

TABLE 7:1

TRENDS IN POPULATION AND RETAIL SALES
CANADA, THE ONTARIO CITY GROUP AND SAULT STE.MARIE 1930 AND 1970

	Canada	Ontario City Group (As ratio of 1930)	Sault Ste.Marie
	<u>1930</u>	<u>1970</u>	<u>1970</u>
Population	100	209	320
Total Sales (1930 \$)	100	455	540
Sales per capita (1930 \$)	100	214	148

Source: Canada, D.B.S. Census of Canada 1951 Vol.7 Table 9.
Survey of Markets 1971, pp.44-45.



RETAIL SALES : 1930-1970
ONTARIO CITY GROUP AND SAULT STE. MARIE

Figure 7:2

The more rapid increase in sales in urban areas reflects urbanisation and higher urban incomes. Sales of more expensive items that require larger market areas will be more strongly concentrated in urban areas.

Figures for retail sales per capita, and indeed for total retail sales, do not reflect the true levels of purchases by urban dwellers alone. Clearly, the market area of many retail stores extends beyond the confines of the city's boundaries into rural areas and even to neighbouring urban areas. This is especially true of the data for 1951. By this date, population was already moving into suburban areas, which in many cases were outside city boundaries; suburban retail areas did not develop, however, until after 1951 and the number of stores by urban area recorded in 1951 would be a reasonably accurate reflection of the stores serving the wider urban market. Consequently, the sales per capita recorded in 1951 are too high. Further, the changes in retail classification for the 1961 Census mean that sales per capita after 1961, are too low in comparison with preceding years.

Between 1930 and 1970, while national sales per capita in real terms rose by 2.14 times, those in the Ontario cities and in Sault Ste. Marie rose by 1.48 and 1.61 times respectively (Table 7:1). Sales per capita within cities, as already suggested, will be inflated by sales to non-urban dwellers but as urbanisation proceeds, the resultant error in sales per capita will diminish in significance, especially in a strongly urban Province such as Ontario. Further, there will be a tendency for national per capita income to approximate more closely to urban levels over time. Probably, the early part of

this series over-estimates city sales per capita, while the later part begins to represent more closely the true situation; hence, the overall growth in sales per capita appears lower for cities than for the nation. However, the lack of any significant change since 1961 in the city group is closely comparable to the national situation (Figures 7:1 and 7:2). Low per capita sales in 1930, 1941 and 1951 in Sault Ste. Marie reflect the weakness of the city's economy during and after the Depression; since the post-war resurgence of the local steel industry, sales per capita are very close to those for the city group.

The preceding discussion points up the strong effect of population growth and income changes as related to national and local economic performance, on the level of total and per capita sales. This observation was first made in Chapter IV and it was suggested there that the increased market in urban areas would be responsible for an increase in sales per store. The tendency towards increased store size, important in achieving the economies of scale detailed in Chapter V, will now be considered.

THE CHANGING SIZE STRUCTURE OF RETAIL OUTLETS

The most striking characteristic of the size structure of Canadian retail outlets is their pyramidal nature. Table 7:2 shows the percentage distribution of stores by sales size from 1930 to 1966 for Canada as a whole. It is clear that if stores are divided into three categories on the basis of annual sales (those with sales to \$99,999, from \$100,000 to \$499,999 and over \$500,000) then in 1966, the base of the pyramid contains 72.2 per cent of all stores, the middle 23.1 per cent and the apex 4.7 per cent. The corresponding

TABLE 7:2

PERCENTAGE DISTRIBUTION OF STORES BY SALES SIZE
CANADA 1930 - 1966

Percentage Distribution of Retail Stores

<u>Sales Size</u>	<u>1930</u>	<u>1941</u>	<u>1951</u>	<u>1961</u>	<u>1966</u>
Over \$500,000.	0.2	0.3	1.7	3.0	4.7
\$200,000. - \$499,999.	0.8	1.0	3.5	5.4	8.1
\$100,000. - \$199,999.	1.8	2.1	7.6	11.4	15.0
\$50,000. - \$99,999.	5.1	5.5	17.1	21.3	23.0
\$20,000. - \$49,999.	17.3	19.2	32.1	30.6	39.1
\$10,000. - \$19,999.	18.8	20.2	17.0	14.3	
Under \$9,999.	56.0	51.7	21.0	14.0	10.1

Percentage Distribution of Retail Sales

	<u>1930</u>	<u>1941</u>	<u>1951</u>	<u>1961</u>	<u>1966</u>
Over \$500,000.	18.6	18.9	33.7	43.2	50.9
\$200,000. - \$499,999.	10.4	11.5	15.0	15.5	16.5
\$100,000. - \$199,999.	10.9	11.3	14.7	14.8	14.1
\$50,000. - \$99,999.	15.4	14.8	16.8	14.3	11.0
\$20,000. - \$49,999.	23.6	23.4	14.8	9.6	7.2
\$10,000. - \$19,999.	11.9	11.4	3.5	2.0	
Under \$9,999.	9.2	8.7	1.5	0.6	0.3

Source: Canada, D.B.S., Census of Canada 1931 Vol.10, Table 4, Census of Canada, 1941 Vol.10, Table 9, Census of Canada 1951, Vol.7, Table 10, Census of Canada, 1961 Vol.6, 1-3 Table 8, Census of Canada 1966, Vol.6-5, Table 9.

percentages for 1930 are 97.2 per cent, 2.6 per cent and 0.2 per cent; one notable trend emerging from Table 7:2 is the consistent upward shift in the sales size of stores between 1930 and 1966. This trend can be seen also by considering sales volume and number of stores together; since 1930, there has been a tendency for large stores to absorb a growing share of the Canadian market and conversely, for the small retailer's share to decline. For example, sales made by stores grossing over \$500,000 annually accounted for 18.6 per cent of total sales in 1930 and 50.9 per cent in 1966, while sales made by stores grossing under \$99,999 annually accounted for 60.1 per cent of the total sales in 1930 and 18.5 per cent in 1966. Part of this trend is due to rising prices but the form in which the data are available does not lend itself to easy separation of this one factor. Accordingly, it is perhaps more useful to examine the sales volume of the "average" store.

Table 7:3 contains the sales of the average store in current and constant Dollars for Canada, the Ontario Cities and Sault Ste. Marie for census years from 1930 to 1966. In all three, sales increased by over six times and in real terms, by over three times. Not only was the increase in sales per store consistent in its geographic distribution but also it occurred in all decades and affected all stores to a greater or lesser degree. Population and income growth have created conditions which enable economies to be made with increasing operational scale, economies which can be more easily obtained in some types of operation than others and which have transformed the character of some forms of retail outlet. These conditions were fully discussed in Chapter V.

TABLE 7:3

SALES PER RETAIL STORE, IN CURRENT AND CONSTANT 1930 DOLLARS
CANADA, THE ONTARIO CITIES AND SAULT STE. MARIE 1930 - 1966

	<u>1930</u>	<u>1941</u>	<u>1951</u>	<u>1961</u>	<u>1966</u>
<u>Canada</u>					
Current \$	22,900	25,100	70,400	119,000	148,000
1930 = 100	100	109	308	519	646
Constant 1930 \$	22,900	27,600	46,500	69,000	77,000
1930 = 100	100	121	203	301	336
<u>The Ontario Cities</u>					
Current \$	32,700	42,800	106,200	146,400	205,200
1930 = 100	100	131	325	448	627
Constant 1930 \$	32,700	45,700	70,100	84,600	106,500
1930 = 100	100	140	214	259	326
<u>Sault Ste. Marie</u>					
Current \$	28,000	39,600	92,500	161,500	198,300
1930 = 100	100	141	330	577	708
Constant 1930 \$	28,000	43,700	61,000	93,300	103,000
1930 = 100	100	156	218	333	368

Source: As Table 5:2.

Table 7:3 shows that while the overall trend of increased sales per store remains consistent from the macro-scale of Canada to the micro-scale of Sault Ste.Marie, one important difference emerges. Sales per average store are higher in cities than in the nation as a whole; the concentration of population and income in urban areas allows economies of scale to be achieved more easily. Moyer and Snyder state: "... as one moves from rural areas to metropolitan centres, and from the fringes of metropolitan areas to their cores, the sales size of stores generally increases".³ Their study shows that average sales per store in 1961 decreased from \$140,000 in cities with over 250,000 people to \$47,000 in centres with under 1,000 people. Centres with roughly the same population as those in the Ontario city group (50,000 to 99,999) averaged \$130,000 per store,⁴ a value somewhat lower than suggested in Table 7:3. Differences between centres within the same size range may be attributed to other factors such as differences in income level - the case of Sault Ste.Marie suggests this. By comparing sales per capita (Table 7:1) and sales per store (Table 7:3), it can be seen that the direction of differences between Sault Ste.Marie and the Ontario cities is the same in both Tables. The response to any short-term fluctuations in income will be changes in per capita sales and average sales per store; the number of firms is less elastic and responds to changes over the longer term (Table 4:2). Real sales per average store, then, increased by over three times between 1930 and 1966, while income and population both more than doubled.

3 Moyer and Snyder, p.96.

4 Ibid. Table 3:15, p.96.

THE NUMBER OF FIRMS

Sales per store are more responsive to population and income changes than are the number of stores. Nevertheless, there has been some increase in the latter. Table 7:4 shows the number of stores and population per store for Canada, the Ontario Cities and Sault Ste. Marie. All three demonstrate only moderate overall increase in number with an increase in the population per store. The outreach of the average store has therefore increased - a necessary part of the drive to achieve economies of scale. On a national scale, the total number of stores showed little change while in the cities, rapid population growth since 1945 led to an increase in the number of stores. A decline was registered between 1961 and 1966 but this occurred in only six⁵ of the ten cities and may not represent the emergence of a universal trend. On the other hand, sales per capita (Figure 7:1) showed little increase between 1961 and 1966 and the decline in store numbers may reflect a response to this.

The trend towards larger market areas for the average store is illustrated by the increase in population per store in Canada from 85.5 in 1930 to 130.1 in 1966. Though the value for cities is lower in 1930 and higher in 1966 (Table 7:4), the explanation may lie in the disparities in personal income between cities and the nation in 1930; higher sales per customer in cities would mean fewer customers necessary to support a store. In contrast, economies of scale, becoming most significant after 1951, will be achieved more readily in the areas of high population density. Since 1945, the

5 Brantford, Kingston, Thunder Bay, St. Catherines, Sarnia, Sudbury.

TABLE 7:4

NUMBER OF STORES AND POPULATION PER STORE,
CANADA, THE ONTARIO CITIES AND SAULT STE.MARIE 1930 - 1966

	<u>1930</u>	<u>1941</u>	<u>1951</u>	<u>1961</u>	<u>1966</u>
<u>Canada</u>					
Number of Stores	119,621	137,331	151,626	152,260	153,260
Number of Stores 1930 = 100	100	115	127	127	128
Population per Store	85.5	83.8	92.4	119.3	130.1
<u>The Ontario Cities</u>					
Number of Stores	3,669	3,952	4,432	5,595	5,481
Number of Stores 1930 = 100	100	108	121	153	149
Population per Store	69.0	76.8	90.2	129.1	147.1
<u>Sault Ste.Marie</u>					
Number of Stores	357	339	395	458	481
Number of Stores 1930 = 100	100	95	111	128	135
Population per Store	72.4	87.0	101.1	141.9	155.2

Source: Canada, D.B.S. Census of Canada 1951 Vol.7 Table 9.
Census of Canada 1961 Vol.6.1 Tables 1 and 2.
Census of Canada 1966 Vol.6.2 Tables 1 and 2.

revolution in customer mobility (discussed in Chapter IV) which has also increased the outreach of the store, has been strongest in city areas.

REGRESSION ANALYSIS

The trends towards fewer establishments and higher average sales were illustrated by means of census data in the preceding sections but it may also prove useful to test these trends mathematically within the Ontario City group.

The relationship between number of establishments and population is illustrated by the following equations:

7:1 Est. = 78.152 + .01149P (1930)	$r^2 = .83$
7:2 Est. = 91.961 + .01000P (1941)	$r^2 = .88$
7:3 Est. = 76.387 + .00919P (1951)	$r^2 = .79$
7:4 Est. = 45.510 + .00712P (1961)	$r^2 = .85$
7:5 Est. = 77.060 + .00583P (1966)	$r^2 = .87$

where Est. refers to the numbers of retail establishments in the ten cities and P is the population of each.

The equations illustrate the long-run pattern of a decrease in number of establishments per unit of population due to increases in economies of scale. The lower value for r^2 in 1951 reflects the urban growth that had taken place beyond city boundaries by 1951 (see p.195 for explanation).

The increase in sales size of store is illustrated by equations correlating sales and establishments. Only 1930 and 1966 equations are given as the trend towards greater sales per store is consistent

over time. Sales are in 1930 Dollars.

$$7:6 \text{ Sales (thousands)} = 693.7 + 30.16 \text{ Est. (1930)} \quad r^2 = .83$$

$$7:7 \text{ Sales (thousands)} = 3,456.9 + 100.10 \text{ Est. (1966)} \quad r^2 = .92$$

Correlating sales with population (P) and average income (Y) for 1966 and 1970 estimates, provides the following equations:

All values are in 1930 Dollars.

$$7:8 \text{ Sales (thousands)} = 2,777.0 + .3574P \text{ (1930)} \quad r^2 = .72$$

$$7:9 \text{ Sales (thousands)} = 1,203.3 + .5766P \text{ (1941)} \quad r^2 = .85$$

$$7:10 \text{ Sales(thousands)} = 8,762.9 + .5636P \text{ (1951)} \quad r^2 = .61$$

$$7:11 \text{ Sales(thousands)} = 2,084.4 + .6237P \text{ (1961)} \quad r^2 = .96$$

$$7:12 \text{ Sales(thousands)} = 21,367.9 + .6480P - 1.273Y \text{ (1966)} \quad r^2 = .93$$

$$7:13 \text{ Sales(thousands)} = 18,960.4 + .5806P + .6100Y \text{ (1970)} \quad r^2 = .96$$

Sales per person increased until 1966; between 1966 and 1970, they appear to have decreased. While this is consistent with conclusions reached on p.192, it must be emphasised that the 1970 data are estimates only and subject to error. Nevertheless, excellent correlation exists. The differences between equations 7:12 and 7:13 suggest that income is tending to become a more important element in the prediction of levels of retail sales. Converting these changes (for 1966 and 1970) to annual percentage change (i), the following equation is obtained:

$$7.14 \quad i_{(\text{Sales})} = -7.349 + .5290 \quad i_{(\text{population})} + 1.832 \quad i_{(\text{income})} \quad r^2 = .9$$

This equation suggests that between 1966 and 1970, sales for an urban area tended to decline unless population or income rose. Income would have to rise annually by 4 per cent in real terms or population by

almost 14 per cent annually to maintain sales in real terms; this bears out the previous statement that income changes are more important than population changes in determining the level of retail sales in the later 1960s.

Census tract data do not exist for Sault Ste. Marie or for all but one of the cities in the Ontario City group, so that it is not possible to discuss increases or decreases in sales at differing levels of business centres within the cities. An analysis by Simmons of changes in retailing in Toronto does include this type of analysis and provides the following equation for the period from 1951 to 1961:

$$i_{(\text{sales})} = -3.04 + 0.376 i_{(\text{population})} + 2.25 i_{(\text{income})} \quad r^2 = .67_6$$

Sales, then, for stores within a given area, whether within a city or for a city as a whole, tend to decline unless maintained by increases in population and income, the latter in both cases being more important.

Multiple regression analysis for establishments, population and income is not possible because of the absence of income statistics for 1961 and establishment statistics for 1970.

$$(7:15) i_{(\text{Est.})} = -1.699 + .5990 i_{(\text{population})} (1961-66) \quad r^2 = .50$$

The partial regression (7:15) suggests, though, that the number of establishments also tends to decline unless population increases sufficiently to create sales levels high enough to maintain the viability of the store stock. Population change explains only 50 per

6 James W. Simmons, Toronto's Changing Retail Complex, (Chicago, University of Chicago, Department of Geography Research Paper No.104, 1966), p.60.

cent of the variation in number of establishments, however; presumably, the addition of income to the equation would provide more accurate prediction.

The regression analysis, though using crude measures, indicates clearly the importance of population and income changes to the size and structure of the retail market on a city-wide basis.

CHANGES IN TYPES OF RETAIL OUTLET

The preceding discussion on the changes in sales volume and market areas of stores assumed that all stores can be considered parts of a homogeneous group; it is, however, important to stress that some business types have grown rapidly in number and in sales, while others have declined.

As Simmons points out:

... each business type has a pattern of variation over time; some increasing, some decreasing, all at different rates of change and 'peaking' at different points in time. This is an evolutionary process of innovation and adaption by the socio-economic environment ...⁷

Clearly, this "evolutionary process" is of considerable complexity; only the most generalised of trends will be outlined here as they occur at national and city-wide levels. Chapters VIII and IX will examine these trends in Sault Ste. Marie over the longer time period from 1901 to 1971.

As Table 7:5 shows, three types of retail outlet dominated sales in the Ontario City group in 1966: (i) the combination grocery store selling both groceries and fresh meat, (ii) the general merchandise group which includes department, variety and general merchandise

7 Simmons, "The Changing Pattern of Retail Location", p.158.

TABLE 7:5

SALES BY BUSINESS TYPE AS PERCENTAGE OF TOTAL SALES
THE ONTARIO CITY GROUP 1930 - 1966

Type	1930	1941	1951	1961	1966	Change 1930 = 100
Small Grocery ^a	11.8	8.2	4.0	3.1	2.9	24.6
Combination Grocery	9.4	12.5	17.7	22.7	22.5	239.3
Meat Market	2.9	1.7	1.3	1.4	.5	17.2
Food (Total of Above)	24.1	22.4	23.0	27.2	25.9	107.5
General Merchandise Group	10.4	10.5	9.5	12.1	14.0	134.6
Variety Store	3.0	na	3.5	3.5	3.7	123.2
Automobile Group	17.2	19.8	24.7	27.4	28.8	167.5
Automobile Sales	11.7	14.7	15.2	14.7	17.2	147.5
Service Station	3.1	4.5	na	7.1	6.2	200.0
Apparel Group	11.7	11.4	10.7	8.0	8.4	71.8
Men's Clothing	4.4	3.1	3.1	1.9	1.8	40.9
Ladies' Clothing	3.4	2.8	2.3	2.4	2.0	58.8
Shoes	1.8	2.5	1.4	1.6	1.1	61.1
Hardware	2.3	2.6	1.9	1.5	1.0	43.5
Furniture and Appliances	5.9	4.4	4.1	3.2	2.7	45.8
Drugstore	3.0	2.5	2.5	2.7	2.2	73.3
Jewellery	1.2	1.3	1.3	1.1	1.1	91.7

na Not available

a Includes confectionery stores and grocery stores without fresh meat.

Source: Canada, D.B.S. Census of Canada 1931, Vol.10, Table 30, Census of Canada, 1941 Vol.10-1, Tables 6 and 8, Census of Canada 1951 Vol.7, Tables 3, 7 and 9, Census of Canada 1961, Vol.6.1-1 Table 2, Census of Canada 1966, Vol.6.2, Tables 1 and 2.

stores, and (iii) automobile dealers. These three accounted for 53.7 per cent of all retail sales in 1966 as compared with 31.5 per cent in 1930. On the other hand, Table 7:6 shows that the most ubiquitous outlets in 1966 were the small grocery stores and service stations (filling stations) which together accounted for 24.7 per cent of all retail stores. As these percentages have changed considerably over time, each major category of store will be discussed briefly.

The Food Group. As was noted in Chapter IV (Figure 4:3), there is an evident long-term trend to devote a smaller proportion of income to food. Moyer and Snyder estimate that the percentage of food-product sales to the total declined from 27.1 per cent in 1930 to 22.5 per cent in 1961.⁸ These figures do not correspond with those in Table 7:5 because certain food outlets omitted from this Table (for example, fruit and vegetable stands and bakeries), were more important in 1930 than in 1961 or 1966. Additionally, sales by food outlets include non-food items; for example, these comprised 13.9 per cent of total sales in supermarkets in 1966. As was shown in Chapter V, certain outlets have succeeded in achieving economies of scale and food merchandising has become highly competitive. The net result of consumption and scale changes has been to reduce the proportion of numbers and real sales accounted for by the small grocery stores and meat markets, and to more than double the proportion of sales by the combination store, without any proportionate change in the number of establishments.

8 Moyer and Snyder, Table 3:3 p.69.

TABLE 7:6

ESTABLISHMENTS BY BUSINESS TYPES AS PERCENTAGE OF TOTAL
THE ONTARIO CITY GROUP 1930 - 1966

Type	1930	1941	1951	1961	1966	Change 1930 = 100
Bakery	na	na	0.4	1.9	2.0	na
Small Grocery ^a	18.6	18.4	15.4	12.5	12.9	69.4
Combination Grocery	5.9	8.5	12.5	7.0	6.1	103.4
Meat Market	3.7	2.7	1.4	1.4	1.0	27.0
<u>General Merchandise Group</u>	3.2	3.1	2.9	3.5	2.8	87.5
Variety Store	1.0	0.9	1.1	1.7	1.5	150.0
<u>Automobile Group</u>	9.0	10.7	11.6	25.2	23.9	265.6
<u>Automobile Sales</u>	2.5	2.3	3.3	2.7	2.4	96.0
Service Station	4.2	6.0	5.1	13.3	11.8	280.9
<u>Apparel Group</u>	13.9	13.9	15.6	14.3	14.7	105.7
Men's Clothing	4.9	5.0	5.1	3.3	2.7	55.1
Ladies' Clothing	4.1	5.8	6.0	3.7	3.4	82.9
Shoes	1.9	1.9	2.3	2.7	2.7	142.1
Hardware	1.7	1.8	2.1	2.2	1.7	100.0
Furniture and Appliances	3.8	4.2	4.6	2.9	2.7	71.1
Drugstore	3.5	3.7	3.6	3.7	3.6	102.9
Jewellery	1.8	2.1	2.2	2.4	2.5	138.8

na Not available

a Includes confectionery stores and grocery stores without fresh meat.

Source: As Table 7:5.

The General Merchandise Group. This group includes department, discount department, general merchandise and variety stores (see Appendix 1 for definition) as well as general stores which are usually located in rural areas and in which groceries account for one-third to two-thirds of the total sales. The proportionate decline in number of this group (Table 7:6) is primarily because of the disappearance of the general store which in 1930 represented one-tenth of all retail outlets in Canada. At the national level, Moyer and Snyder state that:

General merchandise stores and general stores have suffered from the slow growth of the non-urban markets in which they are primarily located, the slow growth of the apparel and food markets on which they rely, and the rapid growth of shopping centres in which they are not represented.⁹

The full department store has lost ground too; Moyer and Snyder estimate that its share of the national market decreased from 12.9 per cent in 1930 to 8.7 per cent in 1961 and that the share of all general merchandise outlets fell from 24.7 per cent in 1930 to 15.3 per cent in 1961.¹⁰ Department store sales accounted for 10.3 per cent of retail sales in the five cities of the Ontario City group for which data are available in 1966. Presumably, it is in large metropolitan centres that the position of the department store has been most eroded.

9 Ibid., p.83.

10 Ibid., Table 3:5 p.76.

The Automotive Group. This group includes new and used automobiles, accessory dealers, home and auto supply stores, service stations and since 1961, certain types of service facilities. With rising incomes and increased consumer mobility, this group has risen rapidly in number and sales since 1930 until by 1966, it accounted for 28.8 per cent of retail sales in the Ontario City group and the service station alone for one in every eight retail establishments. The number of automobile dealers increased only fractionally but their proportion of sales rose one and a half times; the automobile dealer is franchised by a major company and competition is thereby restricted to some extent.

The Apparel and Accessories Group. While the apparel and accessories group maintained its share of retail outlets over the time period, it suffered an unmistakable erosion in its sales as expenditure on clothing grew only slowly (Figure 4:3). This decline is most noticeable in the case of men's clothing; the decline in proportion of sales by ladies' ready-to-wear clothing stores was slowed by the entry of women into the labour market. More specialised types of clothing store such as millinery, hosiery and corsetry stores, have virtually disappeared from smaller cities as a result of competition from less specialised clothing stores and of changing fashion trends. The difficulties of achieving scale economies in the operation of clothing stores were referred to in Chapter V; these have been compounded by consumption changes. Sales per capita, in fact, decreased; in 1930, sales per capita in the Ontario Cities were \$21.10 for men's clothing stores and \$17.10 for ladies' and in 1966, they were \$12.50 and \$14.00 respectively (in constant Dollars).

Other Retail Types. Remaining types of stores such as hardware, furniture and appliance, drug and jewellery stores accounted for less than one-quarter of all retail sales in 1966 in the Ontario City group, though for one-third of all outlets. As these retail stores satisfy a wide range of consumer demands which have varied in a singularly individualistic manner over time, separate types will not be examined here. The four types represented in Tables 7:5 and 7:6 illustrate a trend common to many store types in this last group, that of maintaining their share of retail establishments but not of sales.

In conclusion, it may be stated that the broad changes outlined are a result of three main conditions. First, certain types of store have strengthened their control of sectors of the retail market because their merchandise or mode of operation enables them to achieve substantial economies of scale; the large combination grocery store, or supermarket, is one such example. Second, long-term changes in consumer preference and expenditure encourage the rise (or fall) of certain business types of which those related to the needs of the automobile provide the best examples. Third, the type of ownership, whether independent, franchised or chain-owned, may be relevant to the scale at which retail operations are carried out and the degree of competition to which the store is subjected. The means by which the chain store achieves economies of scale were discussed in Chapter V but growth in the chain stores' hold of certain portions of the retail market will be discussed at this point.

TRENDS IN OWNERSHIP - THE CORPORATE CHAIN AND THE INDEPENDENT RETAILER

The Corporate Chain. The chain store, for statistical purposes, was defined for the 1931 Census as: "..... a group of stores of the same or similar kind of business, centrally owned and operated, and stocked with merchandise placed through a central buying office".¹¹ With minor differences, this definition was used in 1941 and 1951 and thus, in these years, department stores were excluded from chain store totals. In 1961 and 1966, department stores were included (Table 7:7). The chain store was well advanced in its development by the time national statistics were collected for the first time in 1930; in that year, there were already over 8,000 stores in 518 chains grossing \$487,000,000 annually or 18.3 per cent of total retail trade.¹² The chain store, which had begun in the United States in the latter half of the nineteenth century, spread into Canada in the early part of the twentieth century, and grew rapidly in the 1920s as Canada became more industrialised and urbanised. As Table 7:7 shows, chain stores were already well established by 1930 in certain fields such as the variety, grocery, drug and shoe stores. Figure 7:3 shows the average sales in 1930 Dollars and the average number of stores for selected types of chain store in Canada for 1930 to 1968. Average sales per chain store increased from \$60,000 in 1930 to over \$230,000 in 1968 (Figure 7:3); between 1930 and 1966, the sales per store for all stores increased from \$22,900 to \$77,000 (Table 7:3). It is evident, therefore, that the sales per

11 1931 Census of Canada, Vol. X, p.xvi.

12 Canada, D.B.S., Retail Chain Stores, 1968, Table 1, p.11.

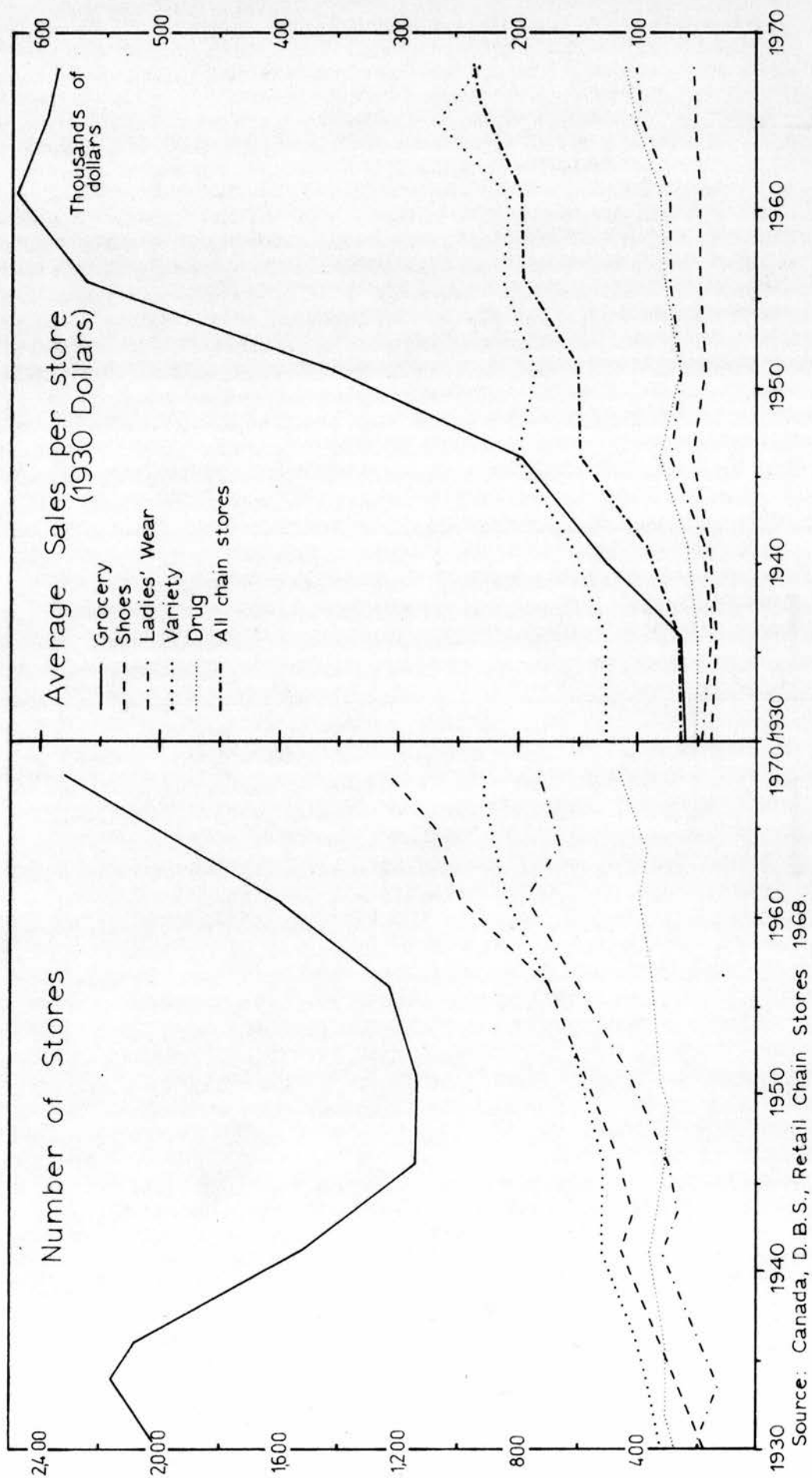
TABLE 7:7

RETAIL TRADE BY OWNERSHIP TYPE
CANADA 1930 - 1966

	Percentage of Total Sales				
	<u>1930</u>	<u>1941</u>	<u>1951</u>	<u>1961</u>	<u>1966</u>
<u>All Stores</u>					
Independent	81.7	81.3	83.3	68.6	67.03
Chain Stores	18.3	18.7	16.7	21.8 31.4 ^a	24.3 32.97 ^a
<u>Grocery Stores (Combination)</u>					
Independent	66.8	55.8	55.6	41.8	46.69
Chain Stores	33.2	44.2	44.4	58.2	53.31
<u>Variety Stores</u>					
Independent	6.4	13.1	15.9	16.3	13.29
Chain Stores	93.6	86.9	84.1	83.7	86.71
<u>General Merchandise</u>					
Independent	na	na	na	70.9	27.11
Chain Store	na	na	na	29.1	72.89
<u>Ladies' Clothing</u>					
Independent	na	na	na	68.1	69.8
Chain Stores	na	na	na	31.9	30.2
<u>Family Clothing</u>					
Independent	na	81.5	78.4	77.6	66.25
Chain Store	na	18.5	21.6	22.4	33.75
<u>Shoes</u>					
Independent	78.9	62.8	65.4	57.9	55.03
Chain Store	21.1	37.2	34.6	42.1	44.97
<u>Drugstore</u>					
Independent	81.4	81.4	87.4	88.0	86.79
Chain Store	18.6	18.6	12.6	12.0	13.21
<u>Jewellery</u>					
Independent	na	na	na	na	66.33
Chain Store	na	na	na	na	33.67

^a Including Department Store statistics.

Source: Canada, D.B.S. Census of Canada 1951, Vol.7, Table ix, p.526.
Census of Canada 1961, Vol.6.1-3, Table 10, Census of Canada 1966
 Vol.6-5 Table 11.



Source: Canada, D.B.S., Retail Chain Stores 1968.

SELECTED CHAIN STORE TRENDS IN CANADA : 1930-1968

Figure 7 : 3

chain store have always been higher than for the total group and have increased at a greater rate. It is clear, however, that this growth has been uneven over time and that not all types of chain store shared in it; indeed, if it were not for the spectacular growth of the chain grocery store, the rate of growth would be less than for the total retailing field.

During the Depression, average sales remained fairly stable, recovering to higher levels after 1935. Notably, ladies' clothing stores and grocery stores declined in number; in the latter case, the closing of stores continued until the late 1940s when their number was under half of the 1933 peak. Wartime rationing and shortages may have affected chain stores to a greater extent than they did the independent store; certainly, the number of all types of chain store declined during the early part of the war though their average sales continued to rise.

The immediate post-war period to the early 1950s was one of declining sales per store for the chains, though the number of stores increased in most cases. National retail sales grew strongly between 1946 and 1951 but clearly the chains did not share proportionately in that growth; the explanation probably lies in the fact that there were strong demands for automobiles and consumer durables such as furniture and appliances. These retail fields are not ones in which chains are well represented. Consequently, the chain stores' share of the total retail market fell to 16.7 per cent in 1951. The one exception was the combination grocery store chains whose sales grew rapidly as more and more of their outlets were transformed into full supermarkets.

Since 1951, chain stores have, as a group, grown rapidly both in average sales and in number; by 1961, chain stores accounted for 21.8 per cent of total sales and in 1966, for 24.3 per cent, exclusive of department store sales (Table 7:7). This growth was undoubtedly assisted by the development of shopping centres in suburban areas; such centres usually are created around a supermarket, variety store, or department store and fields in which chain stores are strong, are also well represented, for example, ladies' apparel, shoes and drugs. The existence of a potential tenant in the form of one or more chain stores of national scope is clearly of great assistance to the developer seeking financial backing. The rapid expansion in the number of supermarkets after 1956 is clear evidence of suburban development on sites offering requisite floor and parking space. In 1968, over half of all retail sales in shopping centres were done by chain stores with independent stores accounting for only 19.6 per cent and department stores the balance (Table 11:5); further, over one-fifth of all chain store sales in 1968 were made in shopping centres.

Chain stores have maintained or improved their 1930 position in some, though not all, areas. The variety store remains strong, though it has suffered some erosion overall; to regain lost ground, the variety store may have to 'trade up' or improve its image by stocking better quality merchandise. The supermarket seems assured of its place in North American retailing but even there, there are signs of a weakening of its position as its sales in constant Dollars have been declining since 1961, possibly because of over-expansion of outlets and a decreasing share of the consumer dollar as incomes rise. As expenditures in clothing, shoe, drug and jewellery stores have been declining relative to total sales, it is unlikely that chain stores

can substantially improve their market share in these areas. Finally, there are certain branches of retailing, notably in the automotive group, where chain outlets will not make progress against the present franchise system. These considerations suggest that further growth in chain store sales is likely to be slow.

Considerable regional variation exists in the share of the market held by the chain store. Chain stores require large markets for profitable operation; as Hall et al state:

... the competitive power of many chains lies partly in their lower prices. They can afford to charge these lower prices, partly because, as a result of doing just this, they have a higher turnover ... In general, therefore, it seems that there must be a minimum (and fairly large) size of available market before a chain store will be started.¹³

Their distribution may be affected by the degree of urbanisation; only in Ontario, Manitoba, Alberta and British Columbia are the proportions of chain to total sales above the Canadian average. The absence of Quebec may reflect a cultural factor; many chains are either English-Canadian in origin or are offshoots of United States chains. Nevertheless, it is difficult to generalise, though Moyer and Snyder suggest that the proportion of sales by chains increases with increase in the size of the locality, and from fringe to cores within cities. They suggest that in 1961, in cities of 50,000 to 99,999 population, 34 per cent of all sales were by chain stores;¹⁴ compared to an Ontario average of 36.45 per cent in 1966, the proportions among the ten Ontario

13 Margaret Hall, John Knapp and Christopher Winston, Distribution in Great Britain and North America: A Study in Structure and Productivity (London, Oxford University Press, 1961) p.96B.

14 Moyer and Snyder, Table 7:5, p.155.

cities ranged from a low of 35.10 per cent in Kingston to a high of 46.40 per cent in Peterborough. The proportion for Canada's three largest cities in 1966 were 44.03 per cent for Toronto, 35.22 per cent for Montreal and 45.14 per cent for Vancouver.¹⁵

While the chain store is clearly in a position to benefit from large-scale operations in a mass market, the fact that the independent retailer is a social as well as an economic phenomenon, may go some way to explain regional and city differences in the strength of the chain store.

The Independent Retailer. Despite the inroads of the chain store, the independent retailer still occupied an important position in the retailing scene in 1966, accounting as he did for 91.6 per cent of retail outlets and 67.03 per cent of retail sales in Canada (Table 7:7). His participation remains strong in fields converse to the chain store, where personal service, product consultation and image are important, or where small or specialised markets exist. Notable examples are automobile sales, service stations, certain types of clothing outlets, furniture and appliance stores and sport and hobby shops. It is important to note that many independent retailers, in order to counter the strength of the chain store in certain fields, have turned increasingly to voluntary group or co-operative associations. Some examples will be mentioned at this point. I.D.A. (Independent Druggists Alliance) is a co-operative association of druggists in which the wholesaler (The Drug Trading Company) is owned by the participating merchants; merchandise purchased from the wholesaler may in some cases carry a

15 Canada, D.B.S., Census of Canada 1966, Vol.6:5, Table 12.

private brand name. The I.G.A. (Independent Grocers Alliance), Home Hardware and PRO Hardware are examples of voluntary chains in which the wholesaler is independent and the retailer may purchase what services and products he requires from him. There is also direct franchising in various types. The manufacturer-retailer franchise is used in sales of automobiles, gasoline and paint, the manufacturer-wholesaler franchise in soft drinks, and the service sponsor-retailer franchise in restaurants and drive-in food outlets. Whatever the system employed, each is an attempt by the independent retailer to secure some of the benefits of increased scale operations. As Hall et. al. point out: "Some economies of vertical integration, however, though first introduced by chains, do not necessarily involve chain store organisations. Particularly in the food field, independent retailers have found 'voluntary chains' as a means to the same end, an example of a new technique helping to get the advantage of economies of scale".¹⁶

¹⁶ Hall, et al., p.64B.

CHAPTER VIII

CHANGES IN THE NUMBER AND LOCATION OF SELECTED BUSINESS TYPES
IN SAULT STE.MARIE 1901 - 1971: PART I

REVIEW OF THEORIES OF RETAIL LOCATION

In earlier chapters of this study, a detailed description of the site, situation and population of the sample city, Sault Ste.Marie, was provided. Later chapters concentrated on the role of the social, economic and political factors instrumental in effecting changes in the operation and location of business types. It has been shown that these factors do not operate in isolation but form parts of a complex, inter-related pattern. It is necessary now to consider their effect in creating observable regularities in the behaviour of individual retail types and in the systems of business centres. Though the study of retailing has become only recently a respected branch of urban geography, a considerable body of theory has been advanced to explain what appear to be notable regularities in retail location. The basic foundation for theories of retail location is the classic central-place theory developed by W. Christaller in 1933 in "Die Zentralen Orte in Süddeutschland".¹

1 C.W. Baskin, A Critique and Translation of Walter Christaller's Die Zentralen Orte in Süddeutschland, Unpublished Ph.D. thesis, University of Virginia, 1957.

While an extensive review of Christaller's work, or of research based upon it, is unnecessary, reference will be made to the work of major researchers in the retailing field to set the present study in proper perspective.

Classic central-place theory was formulated to describe and explain the size, number, functions and spacing of urban settlements, but it has been applied also to the location and functions of retail centres within cities. The concept of a discernible hierarchy of business centres providing differing ranges of functions and services to hexagonal market areas nested in a specific geometrical pattern, has become implicit in discussions of intra-city retail location. The larger the centre, the more establishments and functions it will have, the larger its market area will be and the greater its specialisation. The basic theoretical assumptions of an unlimited plain, of homogeneous population density and income and of a homogeneous surface, have had to be relaxed within the city environment where none of these conditions exist in reality. Nevertheless, the concept of a hierarchical arrangement of business centres is widely accepted; the central business district is viewed as the highest order centre in the city providing the widest, and most specialised, range of functions and other business centres with more restricted services as lower order centres in the hierarchy. For example, Berry in his study of Chicago in 1963² recognised five levels in the hierarchy: the central business district, major regional centres, shopping goods centres, community and

2 Brian J.L. Berry, "Commercial Structure and Commercial Blight", Department of Geography Research Paper No.85, (Chicago, University of Chicago, 1963).

neighbourhood centres. Distinctions were made between high and low income, and between planned and unplanned centres; these were considered as variants within the hierarchy but ribbon or non-nucleated retailing was evaluated as lying outside the principles of the theory.

This hierarchy was formulated without the need to assume the homogeneous landscape of Christaller. Garrison and Berry (1958) restated central-place theory, introducing the concepts of "threshold" and "range". "Threshold" is defined as the minimum amount of purchasing power necessary to allow the supply of a good from a central place throughout its range, and "range" as the market area of that good, an area which in real terms is determined by spatial competition among businesses.³ The concept of threshold suggests that there must be some minimum limit of sales below which a store cannot operate and that this limit will be determined by the costs of operation of the store. Of the various inputs into store operation, rent has been considered the most important and may be equated with accessibility in that rents will be highest for the most accessible locations, for example, at the peak land value intersection. Hence, stores selling goods of a particular order may locate in one centre, each preferring accessibility to the total population rather than sole control over one section of it. This will be especially true of higher order goods whose outlets will concentrate in a few high order centres; where accessibility is not a critical concern, as in the case of lower order goods, outlets will be widely dispersed in a number of neighbourhood centres or store clusters.

³ Brian J.L. Berry and William Garrison, 'A Note on Central Place Theory and the Range of a Good', Economic Geography Vol.34, 1958 pp.304-311.

The concept of accessibility equated with rent and threshold implies also that the high order outlets will be located in the middle of a centre, while those of lower order, whose rent-paying ability is less, will be arranged in concentric rings around the higher order outlets.

A rather different approach was suggested by Curry,⁴ though it is still based essentially on central-place theory. Curry holds that the key to retail location is consumer behaviour in that the consumer regulates his rate of consumption to the effort involved in purchasing. The demand for a particular good occurs at certain time intervals (or "list interval"). Goods and services demanded only infrequently are regarded as high order activities which require the whole population of a given area as a market. This theory is applied to a hypothetical city with a straight-line road system in a grid pattern with an equal number of households along each stretch of road. A first-order good, which requires the entire population as a market, will be located at a crossroads in the centre. For a second-order good (that is, one which allows the division of the market in two), some of the customer trips will coincide with the timing of trips for first-order goods; consequently, a central place will have two shops selling second-order goods as sole distributors. This effect he terms "nodality". He maintains that customers, as far as possible, combine shopping trips to avoid single-purchase trips; service centres are therefore located in order to share as large a market as possible and lower order centres cluster as close to higher order centres as possible. The spacing of centres is therefore different from the central-place models of Berry, Garrison and Simmons.

4 Leslie Curry, *The Geography of Service Centres within Towns*, I.G.U. Symposium in Urban Geography, Lund 1960, (Lund, 1962) pp.31-53.

A study of commercial structure in North American cities has been made by Vance⁵ in which he recognises the existence of dynamic factors such as urban sprawl, land use control and changes in personal transportation, in purchasing power and tastes and in merchandising. He examines the rise of the central business district, outlying and other businesses centres and planned shopping centres, in the light of these dynamic factors. He also recognises the importance of distinguishing between various levels of goods in establishing a hierarchy of business centres. He ranks establishments by "locational specialisation", which quantifies the distinction in relation to the economically minimum trade area, and "commodity specialisation" which refers to the minimum range of merchandise necessary to support a shop. A distinction between mass and limited appeal goods is made in the case of commodity specialisation. In general, as commodity specialisation increases, so will locational specialisation and Vance concludes that the lower the position of a shopping centre in the hierarchy, the smaller will be its tributary area and the more it will be dominated by mass appeal stores. The central business district is seen as being unique in serving a specialised market with a city-wide trade area.

Although the preceding studies emphasised population density (equated with consumer demand) and the range of a good (equated with the production function), there is widespread recognition of the complexity of retail structure and of the existence of many inter-related factors. Vance notes the importance of the dynamic factors referred to earlier. Berry, in his study of Chicago, and Simmons,

5 James E. Vance, 'Emerging Patterns of Commercial Structure in American Cities' IGU Symposium in Urban Geography, Lund 1960, (Lund, 1962) p.485-518.

in his follow-up to Berry's study and in his later analysis of retail location in Toronto, draw attention to economies of scale within the production function. Short-run changes in demand occasioned by population growth, increase in per-capita income, age-sex distribution, consumer behaviour and urban transportation are also shown to be important. Berry states:

Sizes of centers at each level of the hierarchy within a complex economy vary in response to changes in population density. These density shifts still operate when different economies are compared, but additional forces are at work, leading to differences in numbers, kinds and management of stores. Dominant among additional forces are income differences (demand) and industrial organisation (supply).⁶

Further he notes that: "The breadth of the generalizations also overlooks the rich local variety that may affect the geography of retailing"⁷ and refers to Murdie's study of cultural differences in consumer travel between modern Canadians and "old order" Mennonites in Southern Ontario. He states: "The classic hierarchy of central places is replaced by a pattern of business centers, ribbons and specialized areas, with additional variations resulting from income differences or ethnicity. Further differentiation is added by contrasts in retail technology ..."⁸ He concludes: "The Christaller type of hierarchy thus breaks down. The new form of specialization said to be emerging has never been specified in the discussions."⁹

Scott in his summary study The Geography of Retailing comments on the inability of the central-place model to explain present-day patterns of retailing, holding it to be: "... static, deterministic and retrospective..."¹⁰ He cites the importance of the

6 Berry, Geography of Market Centers and Retail Distribution, p.90.

7 Ibid., p.91.

8 Ibid., p.123.

9 Ibid., p.124.

10 Scott, p.16.

organisational structure of firms, of the growth of multi-product firms and of social and political considerations.¹¹

Similarly, in referring to a purely economic approach to the study of retailing, Hall et al suggest that:

This theory invites us to place exclusive emphasis on the behaviour of costs in determining the number and size of units. But the state of affairs imagined here has very little to do with the actual workings of the retail market. There we find identical articles selling at very different prices in the same neighbourhood and shops of very different sizes existing side by side ...¹²

Nevertheless central-place studies have made a major contribution to the study of retailing and, indeed, have been basic to it. It is not the purpose of this study to deny the existence or importance of this contribution nor to present an alternative to it. However, the rigidity of the central-place model and its underlying assumptions may render it incapable of adjusting to some of the more recent trends in retailing. The concept of defining threshold and range on the basis of a particular good may be questioned as a result of the growth of multi-product firms; the minimum level of sales necessary to support a business type may be affected by the level of technology and organisational structure of the firm as well as by the good or goods it may sell. Rent is commonly considered to be the major component in determining the threshold of a firm but other costs such as those of labour may be equally significant; in a small city such as Sault Ste. Marie, no marked rent gradients may exist. Also, the concept of the central business district as the most uniquely accessible location in the city needs re-examining as a result of increased consumer mobility and the development of alternate locations at more accessible locations.

11 Ibid.

12 Hall, et al., p.77.

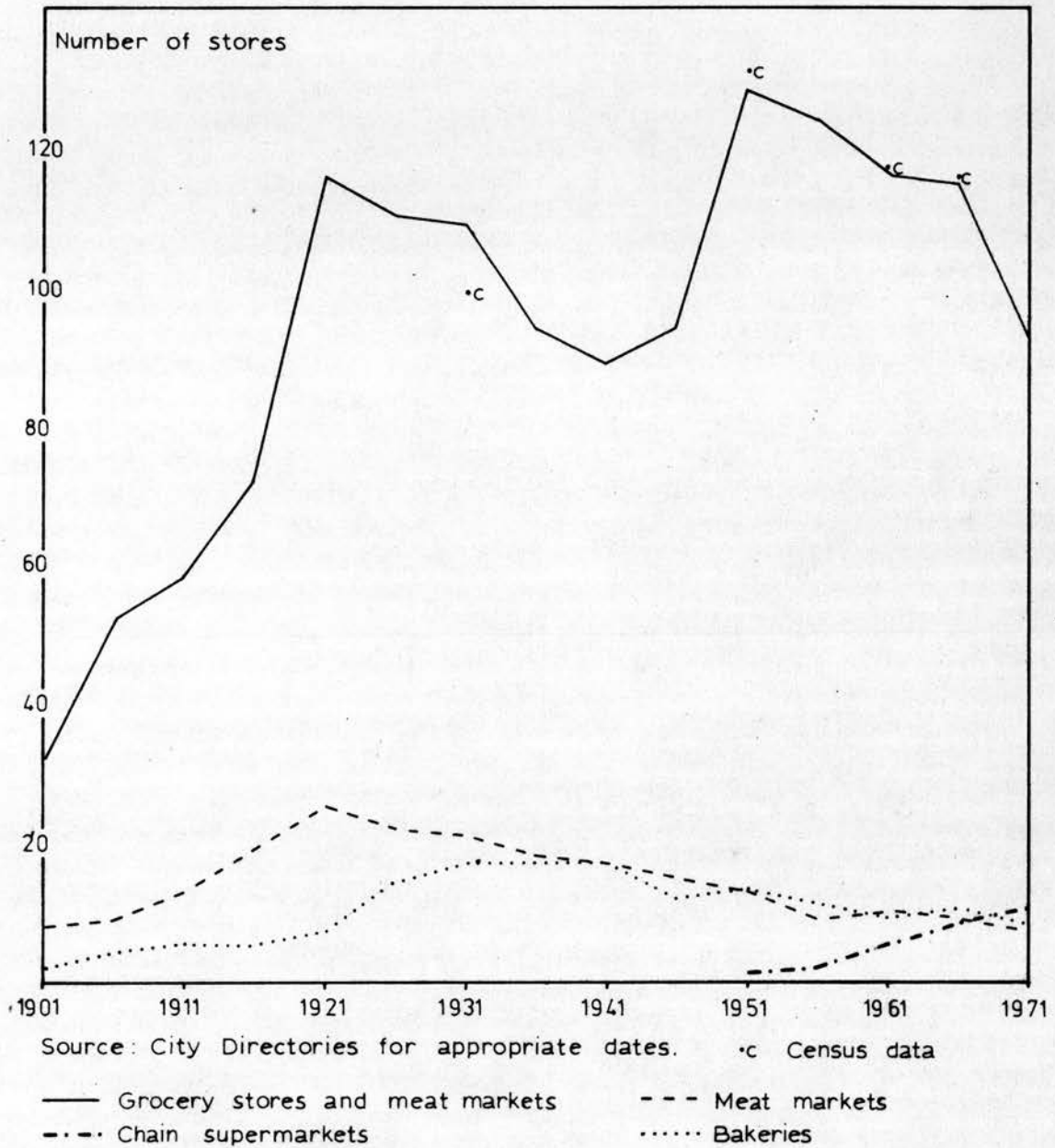
In the remainder of this chapter and in the next, the structural and locational changes in selected business types in the city of Sault Ste. Marie between 1901 and 1971 will be examined in the light of theory and potential modifications to it. The final chapters will then examine the growth of retail conformations in relation to possible hierarchical systems. The prime source of information for the number and location of stores is the series of City Directories published since 1901 by Vernon Directories Ltd., Hamilton, Ontario. These contain both classified and street directories. Though certain errors are inherent in the use of directory data, such data will be checked against census data after 1930 where available.¹³

THE FOOD STORE GROUP

Trends in the food store group have been prominent in preceding discussions, primarily because of the supermarket's success in achieving economies of scale and its effective competition with other store types.

Grocery Stores. Figure 8:1 shows the changes in the number of food stores in Sault Ste. Marie between 1901 and 1971. Though a detailed breakdown of individual types of food store is not always possible on the basis of directory data, totals derived from census and directory sources are very similar. A well-marked pattern is observable in the changes in the number of food stores. From 1901 to 1921 as city population grew by three times (Chapter II) and incomes rose, the number of food outlets increased by almost four times; that over-expansion may have

¹³ Though each Directory is compiled from original enumeration sources, errors of omission may occur. The classification of business types lacks the precision of census-derived data as it depends on the store owner's own subjective classification of his store. It is, therefore, very difficult to determine accurately the breakdown of stores within the food and clothing and accessories groups particularly.



CHANGES IN THE NUMBER OF FOOD STORES SAULT STE. MARIE : 1901-1971

Figure 8:1

occurred is shown by the subsequent decrease in their number between 1921 and 1941 when population grew slowly and the city's economy, based on Algoma Steel Corporation, weakened, particularly during the Depression. After the Second World War, the number of outlets rose as population again grew rapidly and new outlets opened in the expanding residential fringes of the city. Since 1951, the number has declined coincident with the growth of supermarkets. The decline in the overall number is parallel to the decline in food outlets as a percentage of total retail stores; in Sault Ste. Marie, the percentages for census years were 27.3 per cent (1930), not available for 1941, 31.9 per cent (1951), 24.8 per cent (1961) and 23.6 per cent (1966) (Table 8:1).

Figures 8:2 and 8:3 show the spatial distribution of this type of food outlet for the years which mark points of critical departure on the graph of Figure 8:1. Certain general observations can be made regarding the changes in their location. At any given time, the distribution of grocery stores reflects the population distribution. Especially in the past, the threshold for the grocery store was low and its range limited. Little expertise and selling effort were required and small grocery stores sprang up (in many cases, as extensions to private homes) as population grew and the city expanded areally. Increased consumer mobility has reduced in part that relationship by increasing the range to some degree even of a low order good such as food. For example, small grocery stores in isolated locations are not characteristic of the newer post-war suburbs in the north and east of the city.

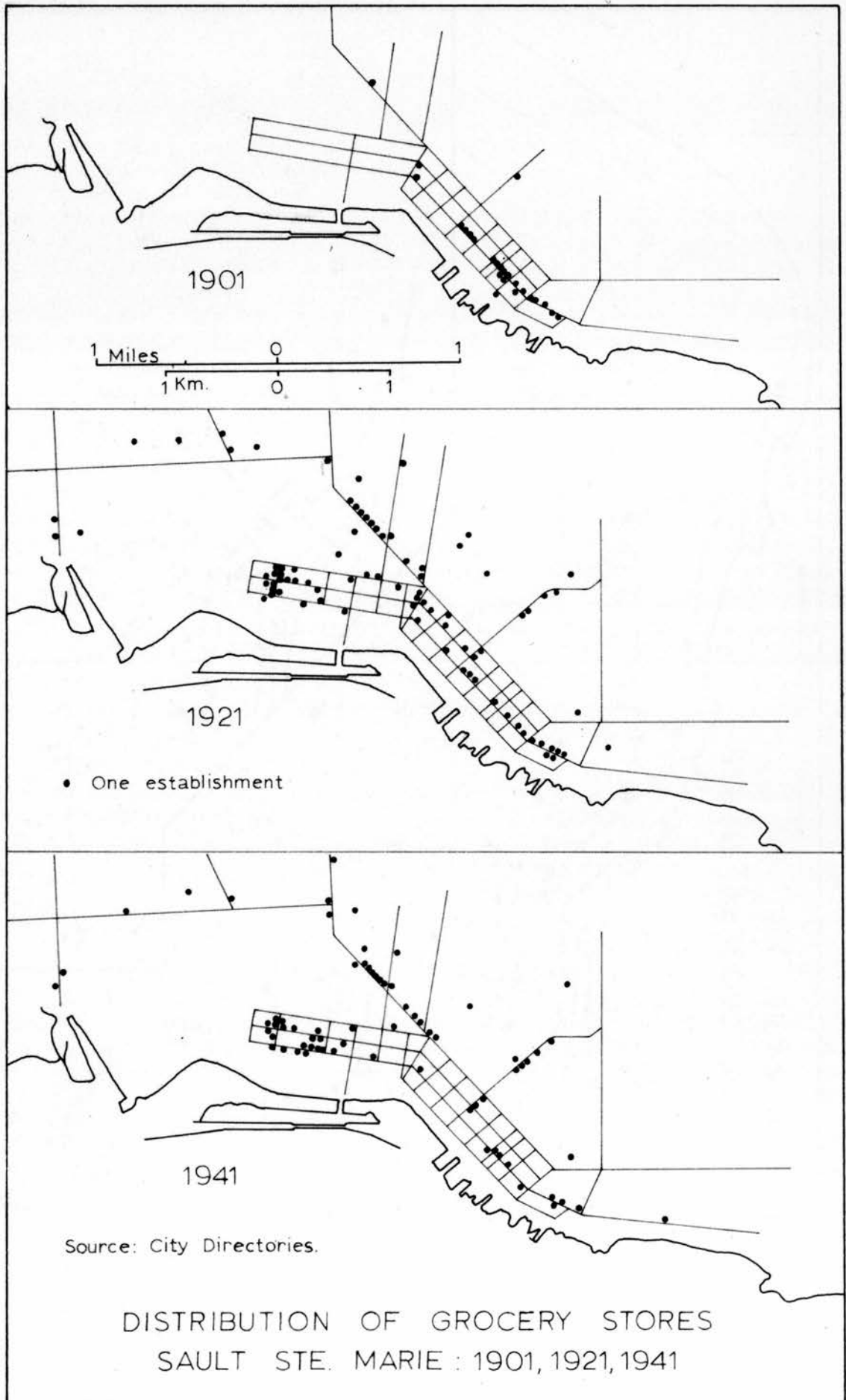


Figure 8:2

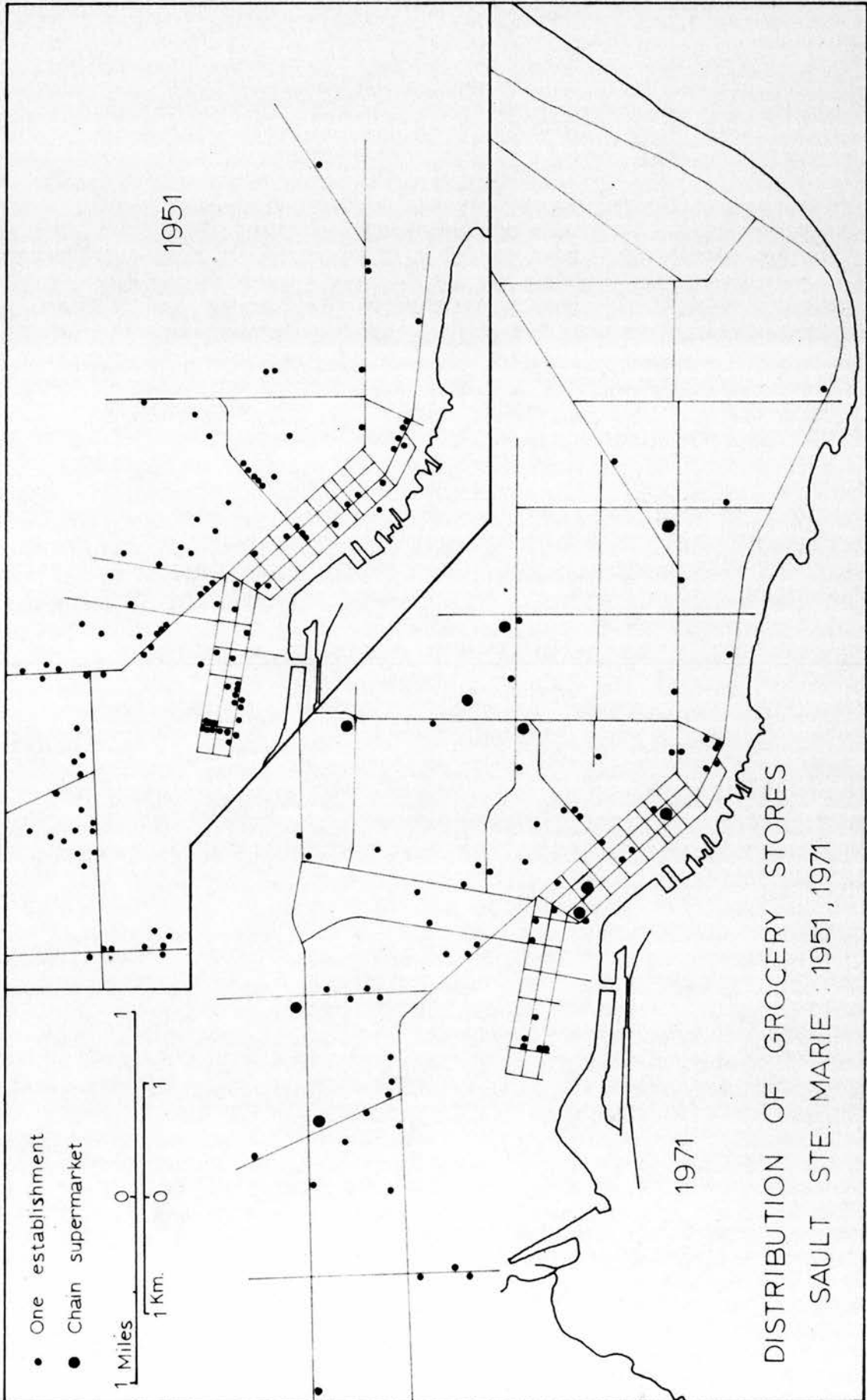


Figure 8:3

Since 1901, grocery stores have progressively abandoned the city centre, giving way to other business types. Three large grocery stores operated by national chains still exist in the city centre but their future is clearly in doubt as population declines there (Chapter III) - one of these stores was due to close in late 1972. Some food retailing can persist in the city centre to satisfy occasional demands of downtown shoppers and workers and the needs of the remaining residents in adjacent areas.

There was a tendency for food outlets to congregate in outlying business centres such as those in Steelton and along Bruce Street and James Street, each of which had become established as a retail area by 1921 (Chapter XI). Clearly, though, the place of food retailing has weakened in these as in other locales.

The massive concentration of food outlets along James and neighbouring streets in the past, cannot be justified in terms of the size and purchasing power of the adjacent market but only in terms of the concentration of a specific ethnic group within the area. As suggested in Chapter IV, there was a demand for specific foodstuffs in such an area that could not be met in food stores in other areas. Urban renewal, declining population and the movement of second and third generation Italians out of the area have destroyed the character of James Street as a distinctive ethnically-oriented food retailing area.

Finally, the location of corporate chain grocery stores should be examined. As was shown in Chapter VII (Figure 7:3), the number of chain stores decreased from 1930 to 1950 and has increased since then to surpass 1930 levels. While average sales per store increased

throughout, total sales by chains increased only moderately from \$119.5 million to \$237.7 million between 1930 and 1946. By 1956, sales by grocery chains had topped \$1 billion, by 1964 \$2 billion, by 1969 \$3 billion¹⁴ and were forecast to surpass \$4 billion by 1972.¹⁵ While part of the increase, over one-half between 1946 and 1972, is attributable to inflation, this is still a phenomenal rate of growth.

It is evident from the experience in Sault Ste. Marie that chain grocery stores were originally no different in scale from the independent store. Dominion Stores Ltd. and the Great Atlantic and Pacific Tea Co. (an American chain started in the U.S.A. in 1859 and known as A & P) both established stores in Sault Ste. Marie after 1931; these stores were housed in premises that had been at various times a drug, clothing or furniture store and a photographic studio, none of which offered substantial floor space. In 1958, Dominion Stores, which had disappeared from the scene in the 1940s, purchased a downtown grocery store that was part of a local food store multiple and then, in 1961, built the first supermarket incorporated in a shopping centre. A & P also built a centrally located supermarket prior to 1951 and later expanded to suburban locations. A third chain, Loblaw's Ltd., built a supermarket in the city centre in the early 1950s to replace smaller premises on the same site and in 1958, opened the first suburban supermarket on the Great Northern Road. Chain grocery stores, therefore, originally took over locations in the city centre and only after 1951, as the city grew in areal extent and population and as consumer mobility developed, did they expand

14 Canada, D.B.S., Retail Chain Stores 1968, Table 8, p.18, 1969 Table 2, p.16.

15 Canadian Grocer, April 1972, p.39.

into "green field" sites close to suburbs. These latter were the true supermarkets with floor areas between 20,000 and 30,000 square feet and with ample parking. As modern supermarkets require extensive space, high land values in the city centre create a deterrent to their establishment there. As Cohen and Lewis point out: "The supermarket industry's net profit structure is geared to one per cent of gross sales; it can thus ill afford to pay the incremental 0.5 per cent in rents that a downtown location usually requires."¹⁶ Leaving aside the remaining central locations, the spread of supermarkets into suburban areas is clear from Figure 8:3. Each is easily accessible, located as they are close to major highway intersections; they are concentrated in the north-east and east of the city close to the newer suburban areas where few small grocery stores exist. These new supermarkets, developing coincident with suburban expansion, have prevented the rise of the small grocery store which is still a feature of the older residential areas in the north-west and west of the city. Here, the supermarket has been superimposed on an existing pattern of small grocery stores with predictable results for the latter (Figure 8:3).

The ten supermarkets in 1966 accounted for 53 per cent of the sales of all food stores; with average sales of over \$1,400,000 (Ontario average \$1,380,000), the threshold requirements for a new supermarket are extremely high. By 1969, average sales per store in Sault Ste. Marie had reached \$2,030,000.¹⁷ Per capita sales for food in Sault Ste. Marie in 1966 were \$362 (current dollars) and a single supermarket would have required at that time the total food

¹⁶ Cohen and Lewis, p.2.

¹⁷ Canada, D.B.S., Retail Chain Stores 1969 Table 10.

purchases of 4,000 persons for viable operation. Realistically then, the range of supermarkets is in the neighbourhood of 6,000 to 8,000 people; only non-central locations can now provide the requisite degree of accessibility for a low order, frequently-demanded good such as food. Ratcliff could state, even in 1949, that:

Recently greater emphasis has been placed on larger units and the supermarket type of outlet. The result has been to close many of the smaller stores and to seek locations on major traffic arteries that are central to a larger zone of patronage. Parking facilities are important and in many cases are provided as part of the service. Traffic congestion is avoided with the result that suburban locations are sought.¹⁸

Specialised Food Stores. Figure 8:1 shows that the meat market and bakery have met the same fate as the general grocery store, though the decline in their number has been more consistent. Meat markets reached a peak in 1921 and have since declined to one-third of their 1921 level. Bakeries held in number through 1941 and have also declined since then, though not as dramatically as have meat markets. The later onset of their decline may be attributed to their relative freedom from competition from metropolitan bakeries until the post-war improvement in external transport links reduced the transport cost for an essentially cheap product. Bakeries have been less affected by competition from supermarkets and indeed sell bakery products to them. However, two of the ten supermarkets have opened extensive in-store bakeries which might affect the sales by local bakeries. Simmons states in his study of retailing in Chicago that:

¹⁸ Richard U. Ratcliff, "Urban Land Economics", (McGraw-Hill Book Co., N.Y. 1949), p.133.

Size brings greater width of product line so that meat markets and fruit stores declined even more rapidly [than small grocery stores]. By some whim of the customer's fancy, the only other food store able to maintain its identity is the bakery, and even this function may be doomed. The steady increase in supermarket size has incorporated bakeries in 40 per cent of supermarkets ...¹⁹

As a proportion of all stores, meat markets in Sault Ste. Marie fell from 3.6 per cent in 1930 to 1.5 per cent in 1966 while bakeries rose from 0.5 per cent in 1951 to 2.3 per cent in 1966 (Table 8:1). For the Ontario city group, the percentages for meat markets were 3.7 per cent and 1.0 per cent and for bakeries, 0.4 per cent²⁰ and 2.0 per cent (Table 7:6).

Figure 8:4 shows the distribution of bakeries and meat markets in 1901, in 1926 at the approximate peak of their numbers, and in 1971. As is the case with grocery stores, there is a noticeable dispersion away from the city centre with time. Meat markets have tended to persist in the western half of the city, again suggesting the strong link with ethnic preferences (see Chapter IV). Possibly because of the inertia imposed by static investment in ovens and other equipment, a number of manufacturing bakers were located until 1971 in the same premises as in 1926. Two moved in 1971 to new and larger sites; bakery outlets are now frequently located near highways for ease of distribution and access to customers or are located in shopping centres (Figure 8:4).

Other types of specialised food outlet have been affected in a similar way. Outlets specialising in candy, fruit and vegetables, fish, tea and coffee, though present in the early years of the

19 Simmons, The Changing Pattern of Retail Location, p.98.

20 1951 figures must be viewed with caution. Censuses prior to 1961 included only retail stores unassociated with manufacturing bakeries (Appendix 2). Directory data for Sault Ste. Marie suggests a decline in numbers of bakery stores (Figure 8:1).

TABLE 8:1

ESTABLISHMENTS BY BUSINESS TYPE AS PERCENTAGE OF TOTAL ESTABLISHMENTS
SAULT STE. MARIE 1930 - 1966

Type	1930	1941	1951	1961	1966
Bakery	na	na	0.5	1.3	2.3
Small Grocery ^a	17.0	na	17.3	16.0	15.4
Combination Grocery	6.7	na	15.1	8.0	6.7
Meat Markets	3.6	na	0.5	0.8	1.5
General Merchandise Group	5.3	4.4	3.0	2.6	3.1
Variety Store	1.1	na	1.0	1.0	1.5
Automobile Group	9.2	8.8	10.3	22.2	22.7
Automobile Sales (New)	2.5	2.0	3.2	3.2	2.9
Service Station	4.2	5.6	5.3	11.3	12.1
Apparel and Accessories Group	13.4	14.4	17.9	17.2	16.0
Men's Clothing	3.3	na	4.5	2.8	2.3
Ladies' Clothing	3.3	na	6.0	4.8	3.1
Millinery	na	na	0.5	0.2	0.2
Furs	na	na	0.8	0.6	0.6
Family Clothing	2.5	na	4.5	1.9	2.3
Shoes	1.1	na	2.7	3.9	3.1
Hardware and Home Furnishings Group	na	na	8.9	8.3	8.3
Hardware	1.4	na	2.5	2.1	1.9
Furniture, Appliances and Television	5.2	na	4.8	3.9	3.1
Drugstore	3.6	3.8	3.5	3.2	3.5
Tobacco	2.8	na	2.0	2.4	1.5
Jewellery	na	na	2.5	2.6	2.3
Sporting Goods	na	na	1.0	1.5	1.7

^a Includes confectionery stores and grocery stores without fresh meat.
na not available.

Source: As in Table 5:2.

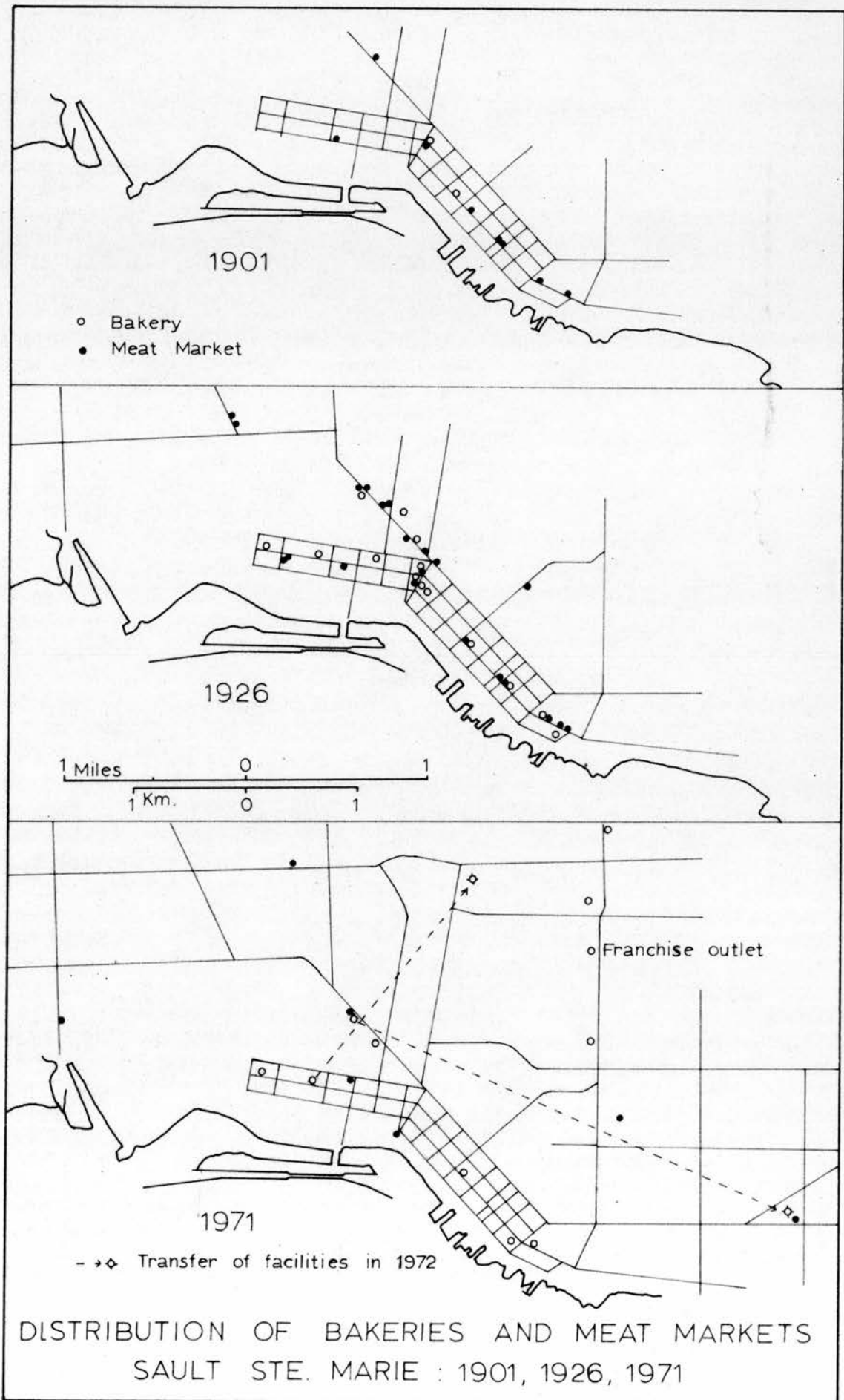


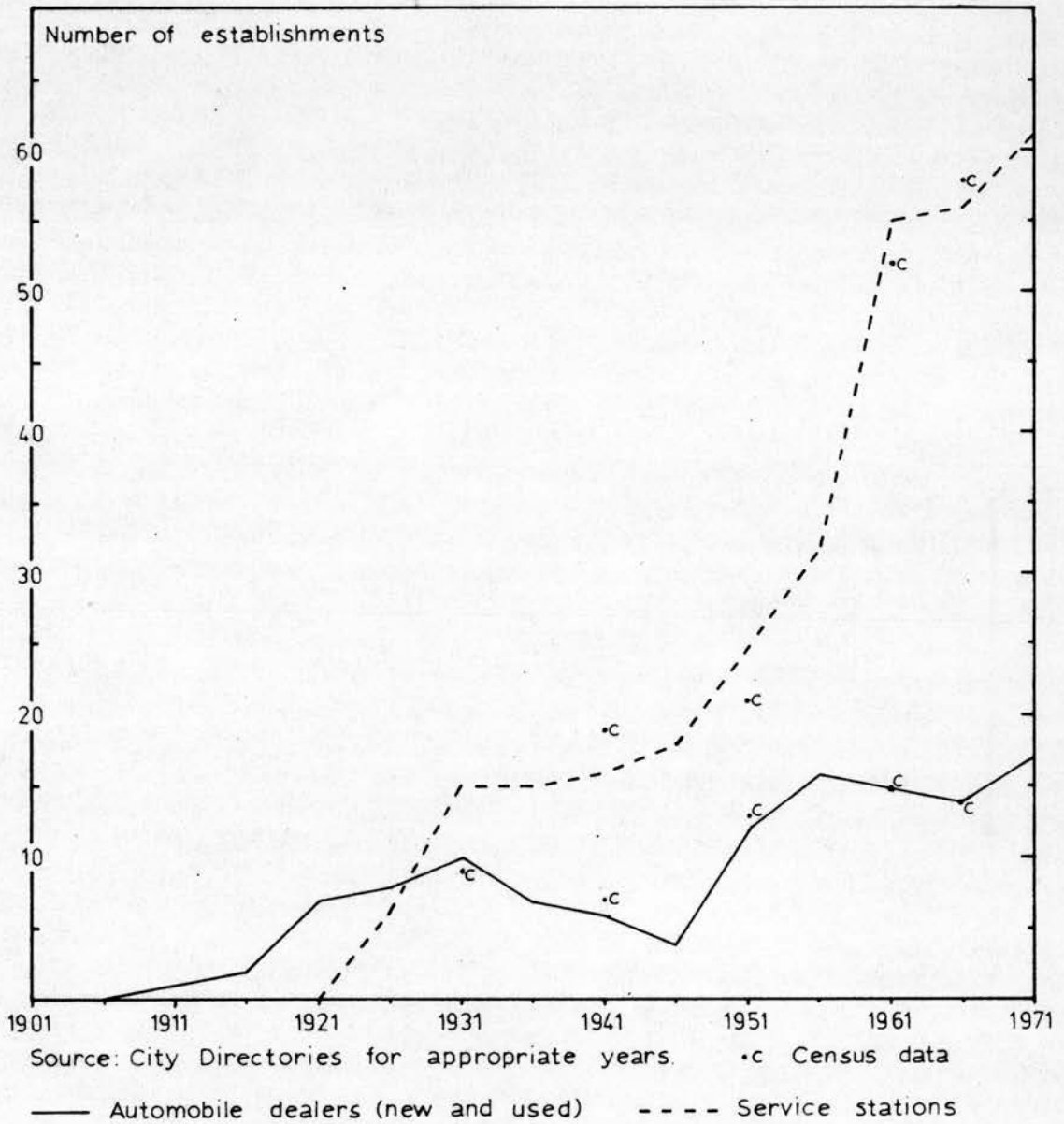
Figure 8:4

century, either no longer exist or have been reduced to a single representative. In Canadian cities such as Sault Ste. Marie, no counterpart exists of the rich variety of specialised food stores so characteristic of food retailing in Europe.

THE AUTOMOTIVE GROUP

It has been emphasized in previous chapters that the advent of the automobile in the twentieth century has indirectly altered urban form and shopping habits by allowing a much greater degree of personal mobility. The urban sprawl of the post-war period, the decline of the city centre as the primary retail zone and the rise of the planned shopping centre, can all be related to the increasing ubiquity of the automobile. Rising personal disposable incomes have enabled consumers to devote larger portions of their incomes to the automobile which is now viewed as a necessity, not as a luxury.

New business types have, therefore, developed in this century to satisfy the needs of the automobile. Figure 8:5 shows the increase in the numbers of automobile dealers and service stations in Sault Ste. Marie between 1901 and 1971. In addition, there are a host of related outlets such as parts and accessory dealers, tire dealers, car washes, and repair and body-work establishments. Between 1950 and 1966, the automotive group's share of total establishments in Sault Ste. Marie rose from 9.2 per cent to 22.7 per cent (Table 8:1) and its share of total sales from 16.6 per cent to 28.5 per cent (Table 8:2). The figures for the Ontario city group are very similar: for establishments, 9.0 per cent and 23.9 per cent (Table 7:6) and for sales, 17.2 per cent and 28.8 per cent (Table 7:5).



CHANGES IN THE NUMBER OF AUTOMOBILE
DEALERS AND SERVICE STATIONS
SAULT STE. MARIE : 1901-1971

Figure 8:5

TABLE 8:2

SALES BY BUSINESS TYPE AS PERCENTAGE OF TOTAL SALES
SAULT STE. MARIE 1930 - 1966

Type	1930	1941	1951	1961	1966
Bakery	na	na	na	0.5	0.3
Small Grocery ^a	11.6	na	3.9	4.4	3.8
Combination Grocery	8.6	na	23.9	23.2	22.6
Meat Markets	6.5	na	na	na	na
<u>General Merchandise Group</u>					
Department Store	na	9.1	7.2	9.2	13.7
Variety Store	na	na	na	na	9.4
	2.7	na	2.7	2.5	2.4
<u>Automobile Group</u>	16.6	15.6	21.7	26.3	28.5
Automobile Sales (New)	11.7	na	14.5	13.7	14.6
Service Station	4.2	4.2	3.2	6.6	7.7
<u>Apparel and Accessories Group</u>					
Men's Clothing	na	11.6	14.0	8.7	9.0
Ladies' Clothing	3.3	na	3.4	2.2	1.5
Family Clothing	2.4	na	2.0	2.5	1.6
Shoes	na	na	5.3	1.7	3.6
	na	na	1.6	1.5	1.0
<u>Hardware and Home Furnishings Group</u>					
Hardware	na	na	7.5	9.8	6.9
	1.0	na	3.8	3.9	2.4
Drugstore	3.1	2.5	3.0	2.5	2.0
Tobacco	1.0	1.8	0.6	0.5	0.3
Jewellery	na	1.2	1.3	0.8	0.7
Sporting Goods	na	na	0.5	0.7	1.0

^a Includes confectionery stores and grocery stores without fresh meat.
na not available.

Source: As in Table 5:2.

Automobile Dealers. By 1911, the first automobile dealer had been established in Sault Ste. Marie. This firm had previously sold agricultural implements, carriages and wagons, though this was not necessarily characteristic of all dealers entering the market place at that time. The pattern of increase in number of firms since 1911 closely parallels that of automobile sales (Figure 4:6), showing declines during the Depression and the war years and post-war growth, interrupted by a weakening in the late 1950s and early 1960s. Since 1930, the overall numerical growth has been slow; as a percentage of all retail stores, automobile dealers in Sault Ste. Marie increased only from 2.5 per cent of total establishments in 1930 to 2.9 per cent in 1966 (Table 8:1). There has not been, therefore, undue proliferation of dealerships, which reflects the fact that there are unusual barriers to entry in this retailing field. The automobile dealer is a prime example of the manufacturer-retailer franchise system, whereby the retailer is guaranteed a freedom from competition within a territorial area: therefore, competition only takes place between dealers selling different makes of automobile. Moyer and Snyder suggest that the franchise system developed because the manufacturer had to assign a large part of the selling and servicing task for an unknown product to the retailer:

At the time of their introduction, most of these items of household capital equipment [consumer durables including automobiles] represented substantial innovations. To most consumers, they were not simply unfamiliar and untried; they were expensive, pretentious, and unreliable. It followed that their successful introduction required a substantial effort in basic consumer education Thus, the new durables required 'missionaries' - marketing agencies which could be counted on to give single-minded effort to the stimulation of primary demand for new kinds of products which required unprecedented amounts of technical service.²¹

21 Moyer and Snyder, pp.24-25.

Factors other than the need to obtain a franchise assist in reducing entry into this field. Substantial capital investment is required to provide adequate showroom, servicing and parking space and to provide an inventory of spares and new and used cars. In Sault Ste. Marie in 1966 the average inventory for automobile dealers was almost \$120,000, compared with an average of \$25,000 for all stores; only the department store carried a higher inventory.

Figure 8:6 shows the distribution of automobile dealers in 1931, 1956 and 1971. Automobile dealers originally occupied locations within the city centre but usually on the fringes of the main retail area along Queen Street. In the post-war period when sales increased rapidly and outlets increased only slightly, the increased scale of operations required an expansion of sites. Peripheral locations towards the ends of Queen Street where vacant or less-intensively used land was still available, became more pronounced. Since 1956, most of these central locations have been abandoned, highway locations now being preferred. While the desire for increased space for display and service facilities and high land values in the centre were undoubtedly reasons for the shift from central locations, it is likely that desire for better access to the motorist was most important; the range of the automobile dealer is city-wide. Higher rent in central locations is probably less significant, for sales per outlet in real terms have increased from \$130,000 in 1930 to \$493,800 in 1966 (almost \$1,000,000 in current dollars). Simmons notes that in Toronto, 91 per cent of all automotive establishments occur in ribbons or are scattered²² and that the concentration of new and used automobile

22 Simmons, Toronto's Changing Retail Complex, Table 8, p.31.

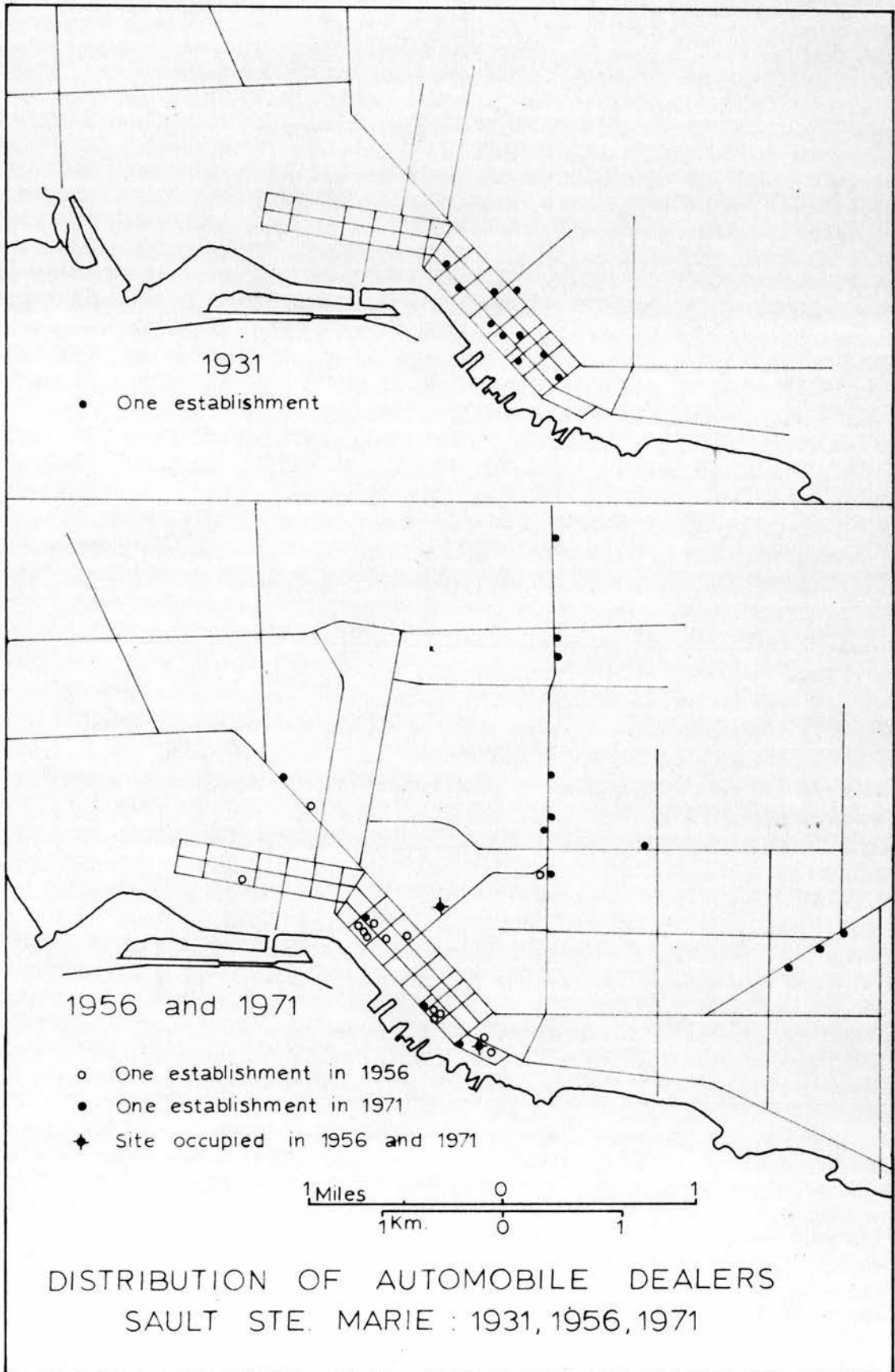


Figure 8:6

dealers in certain ribbons justifies recognising these as specialized commercial districts termed "automobile rows". In addition, he recognises all automobile-related uses as major components of "urban arterial" and "highway oriented" commercial districts.²³ In a small city such as Sault Ste. Marie, specialisation and segregation of uses is insufficient to enable one to recognise such degrees of distinctiveness; nevertheless, the orientation to highway locations is obvious. Factors other than those related to access and site may be important in the aggregation of automobile uses. Nelson suggests that the theory of "cumulative attraction" is at work. Automobile dealers tend to cluster because the dealer is incompatible with other types of business, the car buyer is not engaged in other types of shopping and the image of an automobile row is that of a "carnival".²⁴ Plates 8:1 and 8:2 illustrate the aggregation of automobile-related uses along Highway 17 North.

Service Stations. Figure 8:5 shows the growth in the number of service stations in Sault Ste. Marie from 1901 to 1971. In contrast to the automobile dealer, the service station as an independent institution did not arise until after 1921; previous to that date, sales of gasoline and oil were handled by automobile dealers and repair garages. Only as automobile ownership and use increased, did the service station selling primarily oil and gasoline become a viable proposition. Growth was rapid to 1931, minimal during the Depression and Second World War, but was extremely rapid after 1946 as car ownership and mobility expanded. The service

23 Ibid., Table 6, p.26.

24 Nelson, p.62.



Plate 8:1

Highway 17 North.
Automobile dealers, service stations and
a paint store occupy space on this section
of Highway 17 North



Plate 8:2

Highway 17 North at Second Line.
Service Stations occupy corner lots on this
important intersection.

station has become the most ubiquitous retail outlet.

Between 1930 and 1966, the proportion of service stations to all retail outlets in Sault Ste. Marie rose from 4.2 per cent to 12.1 per cent (Table 8:1); in the Ontario city group, the rise was from 4.2 per cent to 11.8 per cent (Table 7:6). Service stations' sales as a proportion of the total in Sault Ste. Marie rose from 4.2 per cent to 7.7 per cent between 1930 and 1966 (Table 8:2) and in the Ontario city group, from 3.1 per cent to 6.2 per cent (Table 7:5). The figure of 7.7 per cent for Sault Ste. Marie is the highest of any city in the group, reflecting possibly the isolation of the city and its substantial tourist traffic. As is the automobile dealer, the service station operator is franchised by a particular company from which he normally leases the premises. The franchise system in this case has not operated to reduce the rate of growth in number of outlets, as considerations similar to those governing the franchising of automobile dealers do not apply.

Figure 8:7 shows the distribution of service stations in 1931, 1956 and 1971. Service stations in 1931 displayed a somewhat more dispersed pattern than did automobile dealers, with a preference for locations on major streets, such as Queen Street, where concentration of traffic would be greatest. This preference is still effective, though the 1956 and 1971 distributions show rapid dispersion away from the city centre to locations on main highways and arterial streets. The abandonment of service stations between 1956 and 1971 occurred chiefly in the city centre. Locations at intersections are especially preferred because of access to traffic from four directions - a number of intersections have two, three and, in one case, four service stations (Plate 8:2). The service station,

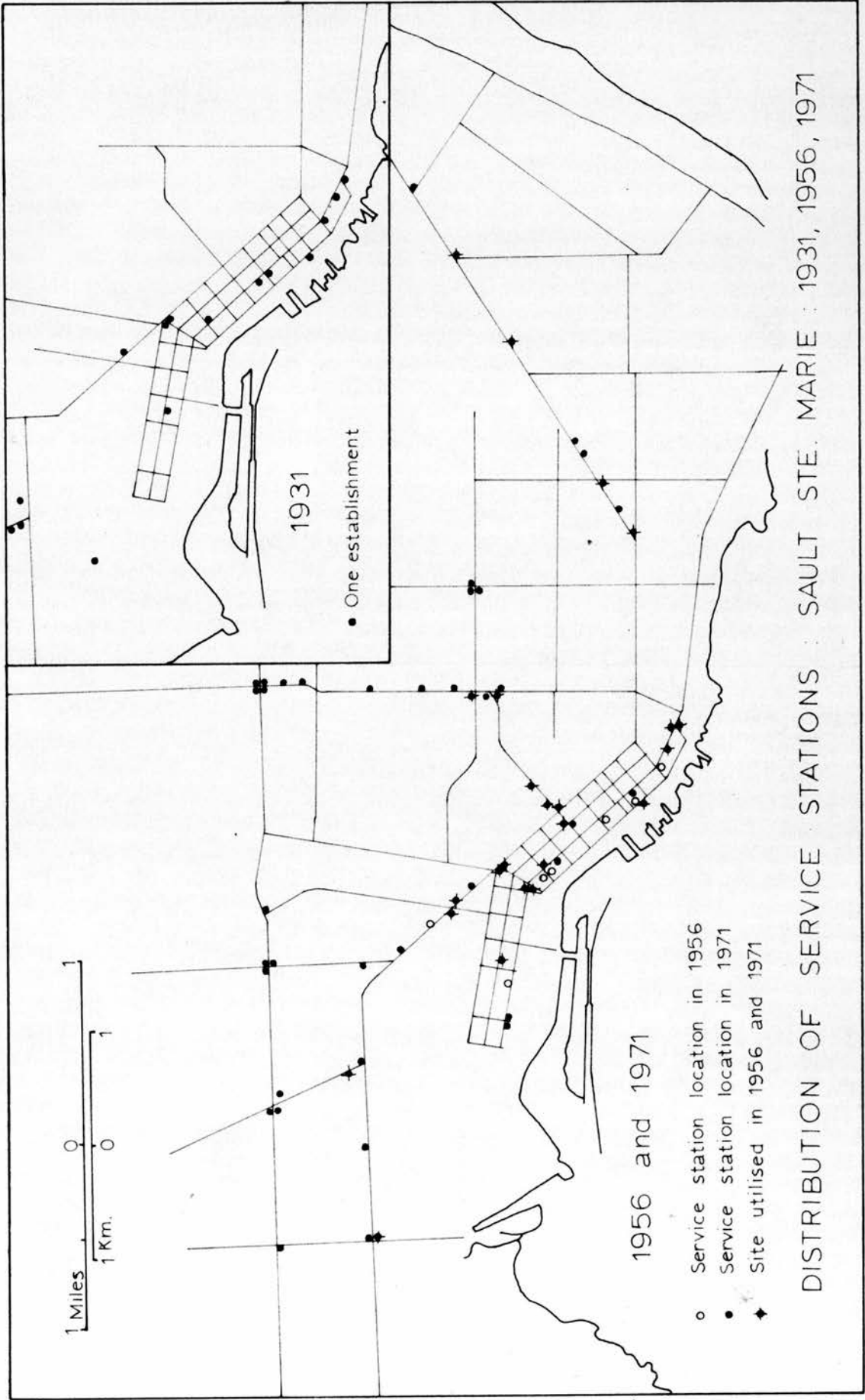


Figure 8.7

because of the investment in underground tanks and other equipment, and in buildings which cannot readily be adapted to other uses, is a long-lived form of retailing. Of the fifteen service stations in existence in 1931, ten were still operating in 1956 and eight in 1971. Of the seven service stations closed between 1956 and 1971, five were in city centre locations and one was demolished as part of the Bridge Plaza Development.

Though the rapid growth and dispersal of service stations suggest that their threshold is low, their range cannot be circumscribed. While some degree of consistent patronage by a core of customers exists for a specific service station, its success depends largely on the chance demands of passing motorists who stop for gasoline during travel to work, shopping and recreation. The range of a service station depends, therefore, on its possession of a prime location on heavily travelled highways, rather than on the character of the neighbourhood population.

Summary. The two retail groups discussed in this chapter accounted for over 56 per cent of all retail sales in Sault Ste. Marie in 1966. Supermarkets, automobile dealers and service stations alone accounted for 37.3 per cent of all retail sales. While the thresholds and ranges of each of these business types vary, all prefer highway locations; none is a significant element of retailing in central locations.

Chapter IX will continue this discussion of individual retail types within the remaining retail groups.

CHAPTER IX

CHANGES IN THE NUMBER AND LOCATION OF SELECTED BUSINESS TYPES
IN SAULT STE.MARIE 1901 - 1971: PART II

In Chapter VIII, the two major groups of stores, food and automotive, were considered. With the exception of the automobile, goods purveyed by these outlets are considered low order goods. With certain exceptions, the goods of the remaining retail types, for example, apparel, general merchandise and home furnishings, are higher order goods. Location requirements for these stores might be expected to result in central locations according to central place theory.

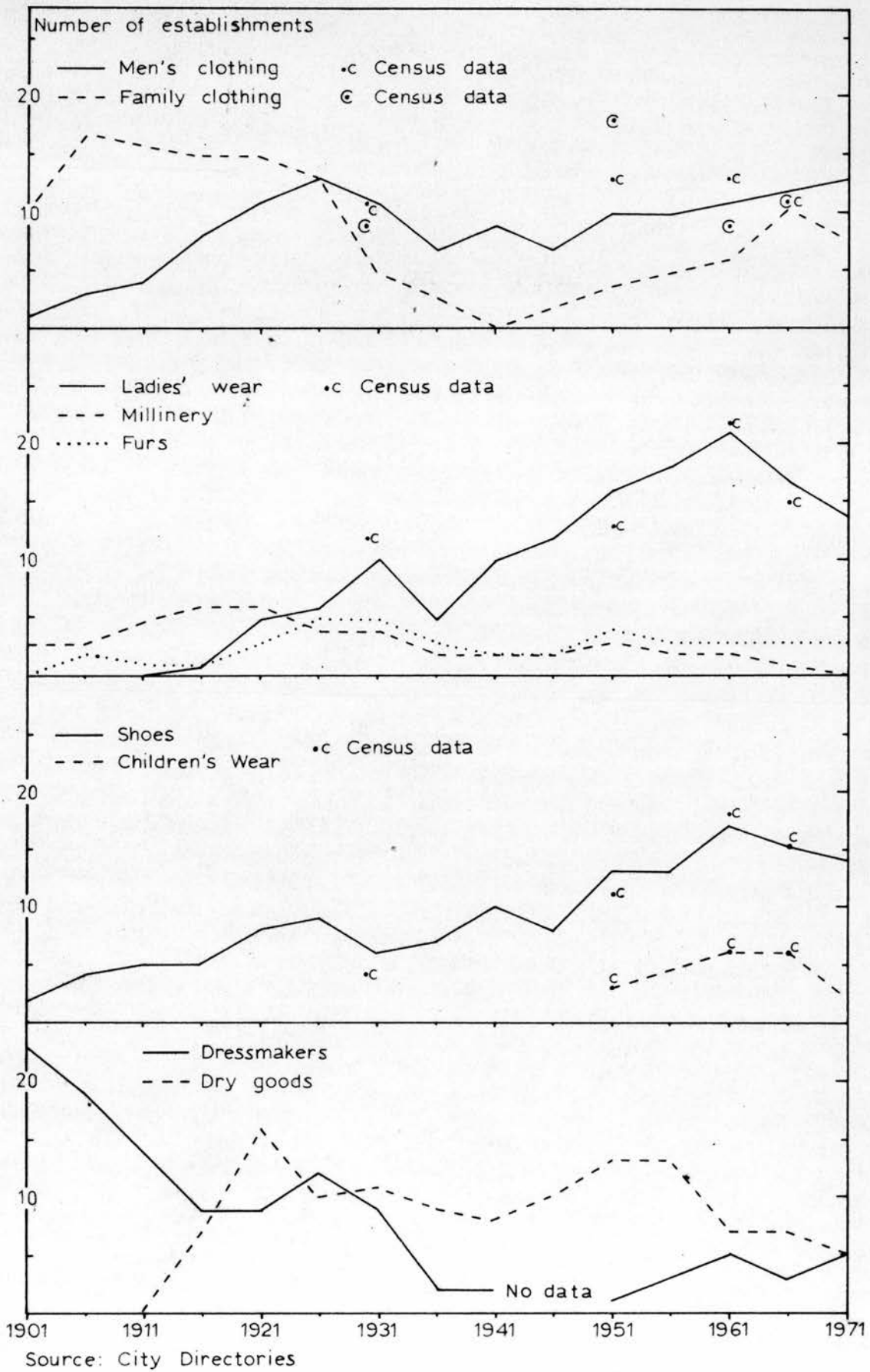
THE APPAREL AND ACCESSORIES GROUP

As was indicated in the introduction to Chapter VIII, the apparel and accessories group is one whose precise business nature is difficult to ascertain from directory entries; however, the similarity of census and directory data for those years for which data are available suggest that no errors of great magnitude have occurred.¹

1 A wide discrepancy exists between Census and Directory data on family clothing stores in 1951 which cannot be explained. The rapid decline in number of these stores between 1951 and 1961 and the fact that their number in Sault Ste. Marie in 1951 was twice as great as for any other city in the Ontario city group (the highest were Kingston and Peterborough with eight) suggests the possibility of error.

From Figure 9:1 which shows the trends in the number of these types of stores from 1901 to 1971, it is apparent that major changes have taken place in the number of stores. Overall, the number increased to a maximum in 1926, declined during the Depression and the War, grew until 1961 and declined thereafter. However, the overall trend masks important variations in the behaviour of the component parts.

In the early years of this century, apparel retailing was relatively unspecialised; stores classified as "family" clothing stores sold men's, women's and children's clothes, dry goods, fancy goods, linens and shoes. Only men's clothing, millinery and shoe stores were separate entities in 1901. The prevalence of dressmakers (Figure 9:1) is indicative of the importance of the home-manufacturing aspect of the apparel trade, even at this late date. As population grew, so did the number of apparel outlets but, more important, so did the degree of specialisation. The number of "omnibus" outlets and the role of the dressmaker declined and ladies' clothing, fur and dry goods stores made their appearance. 1921 to 1931 was a peak period for the apparel stores but their number decreased during the Depression. After 1946, though all outlets grew in number as population rose, a trend away from specialisation began, reflected ultimately in a contraction in the number of stores after 1961. For example, the family clothing store reappeared after the war and specialised stores handling a narrow merchandise assortment such as lingerie, millinery and hosiery began a decline that culminated in their extinction on a local basis by 1971. Demand changes have been all-important in creating this pattern; as incomes have risen, the percentage of income devoted to clothing has declined (Chapter IV). Moyer and



CHANGES IN THE NUMBER OF APPAREL STORES
 SAULT STE. MARIE : 1901-1971

Figure 9:1

Snyder calculate that the share of total retail sales held by apparel and accessories sales, including those in department and similar stores, fell from 18.3 per cent in 1930 to 12.8 per cent in 1961.² Short-run changes in demand are also effective; as birth rates have fallen since 1961, the number of stores specialising in children's and infants' wear have decreased also. The higher proportion of teenagers and young adults in the population since the late 1960s has fostered establishments devoted to youth fashions. The decline in dry goods stores too reflects changing demands as they are affected by social change; there is continuing substitution of ready-made for home-made clothes as incomes rise and more women participate in the labour force.

Finally, it should be remembered that apparel and accessory sales are made by stores outwith this group, especially in department and discount department stores. The rapid rise of the latter since 1961 has subjected the more specialised clothing store to severe competition which it has been unable to meet by increasing the scale of its operations.

Table 9:1, abstracted from earlier tables, illustrates certain aspects of the apparel group that are relevant to the scale of its operations. Between 1930 and 1966, the group's share of total establishments and total retail sales and its real sales per capita declined. Though sales per store increased, costs rose sharply. For the scale of their operation, apparel stores required much labour to provide service and as wage levels rose steadily, payroll as a percentage of total sales increased sharply. For the apparel group as a whole, the rise was from 8.6 per cent to 14.2 per cent

2 Moyer and Snyder, Table 3.3, p.69.

TABLE 9:1

SELECTED CHARACTERISTICS OF APPAREL STORES
SAULT STE. MARIE 1930 - 1966

	1930	1941	1951	1961	1966
<u>Establishments as Percentage of Total Establishments</u>					
Men's Clothing	3.3	2.7 ^a	4.5	2.8	2.3
Ladies' Clothing	3.3	3.0 ^a	6.0	4.8	3.1
Millinery	1.1 ^a	0.6 ^a	0.5	0.2	0.2
Furriers	1.4 ^a	0.6 ^a	0.8	0.6	0.6
Family Clothing	2.5	na	4.5	1.9	2.3
Shoes	1.1	3.0 ^a	2.7	3.9	3.1
<u>Sales as a Percentage of Total Sales</u>					
Men's Clothing	3.3	na	3.4	2.2	1.5
Ladies' Clothing	2.4	na	2.0	2.5	1.6
Furriers	na	na	0.4	0.4	0.3
Family Clothing	na	na	5.3	1.7	3.6
Shoes	na	na	1.6	1.5	1.0
<u>(Employees per Store) and Payroll as Percentage of Sales</u>					
Men's Clothing	na	na	(3.5)	6.8	(3.8)
Ladies' Clothing	na	na	(3.7)	8.8	(4.7)
Furriers	na	na	(2.0)	9.7	(5.3)
Family Clothing	na	na	(6.1)	8.9	(19.7)
Shoes	na	na	(3.0)	9.7	(3.1)
					<u>Gross Profit Ratio 1961 (Canada)</u>
					33.5
					33.2
					40.9
					30.4
					34.1

^a Figures derived from Directory.

na not available.

Source: Tables 5:5, 5:6, 5:7, 8:1, 8:2.

between 1951 and 1966, compared with 8.1 per cent to 10.6 per cent for all stores in Sault Ste. Marie. All things considered, it is unlikely that the apparel group will see a substantial improvement in their position in the retailing field.

Figures 9:2 to 9:4 show the distribution of ladies' clothing, men's clothing and shoe stores for selected dates. Though some patterns are similar for all these store types, each will be considered separately and the similarities summarised.

Over time, the location of ladies' clothing stores has not changed greatly. This type of store, developed only after 1916, has always been concentrated within the city centre especially between Bruce and Elgin, March and Spring and Brock and East Streets. Minor locations included Gore Street and James Street in the west. In the late 1950s and early 1960s, as suburban store locations were established, a contraction of the number of stores occurred and this was especially true of intermediate locations such as those on Bruce, Gore and James Streets. In the last few years there has been some gravitation of ladies' clothing stores towards the March and Spring Street area in the city centre, perhaps because of the proximity of a branch of a major family clothing chain. Millinery stores and furriers, being originally small-scale operations sometimes conducted from a private home, initially occupied peripheral locations but ultimately moved to more central locations in association with other ladies' clothing stores.

Men's clothing stores (Figure 9:3) appeared earlier than ladies' clothing stores and their scattered distribution in the west of the city as late as 1926, was notably different from that of ladies' clothing stores. These locations probably represented proximity to

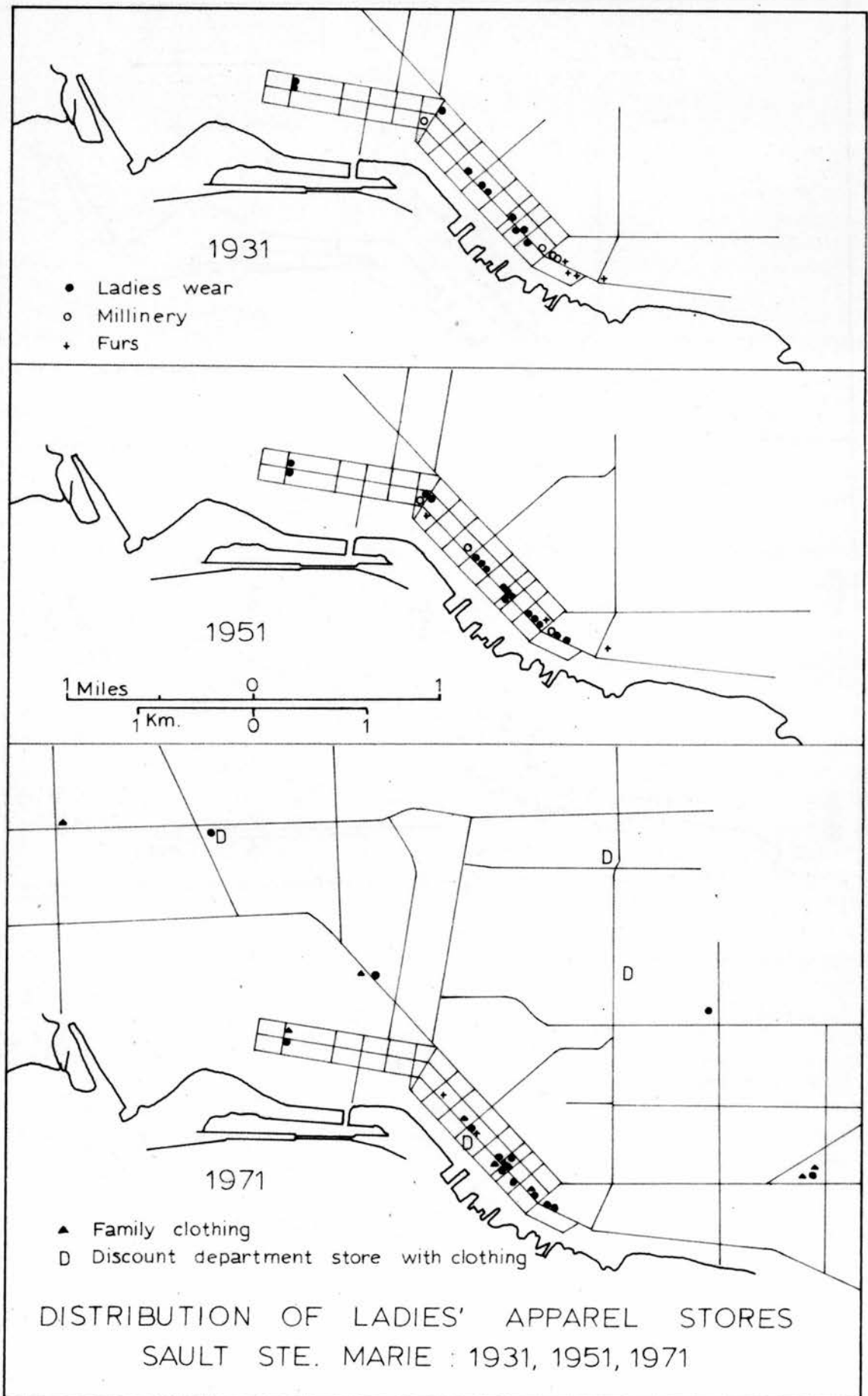


Figure 9:2

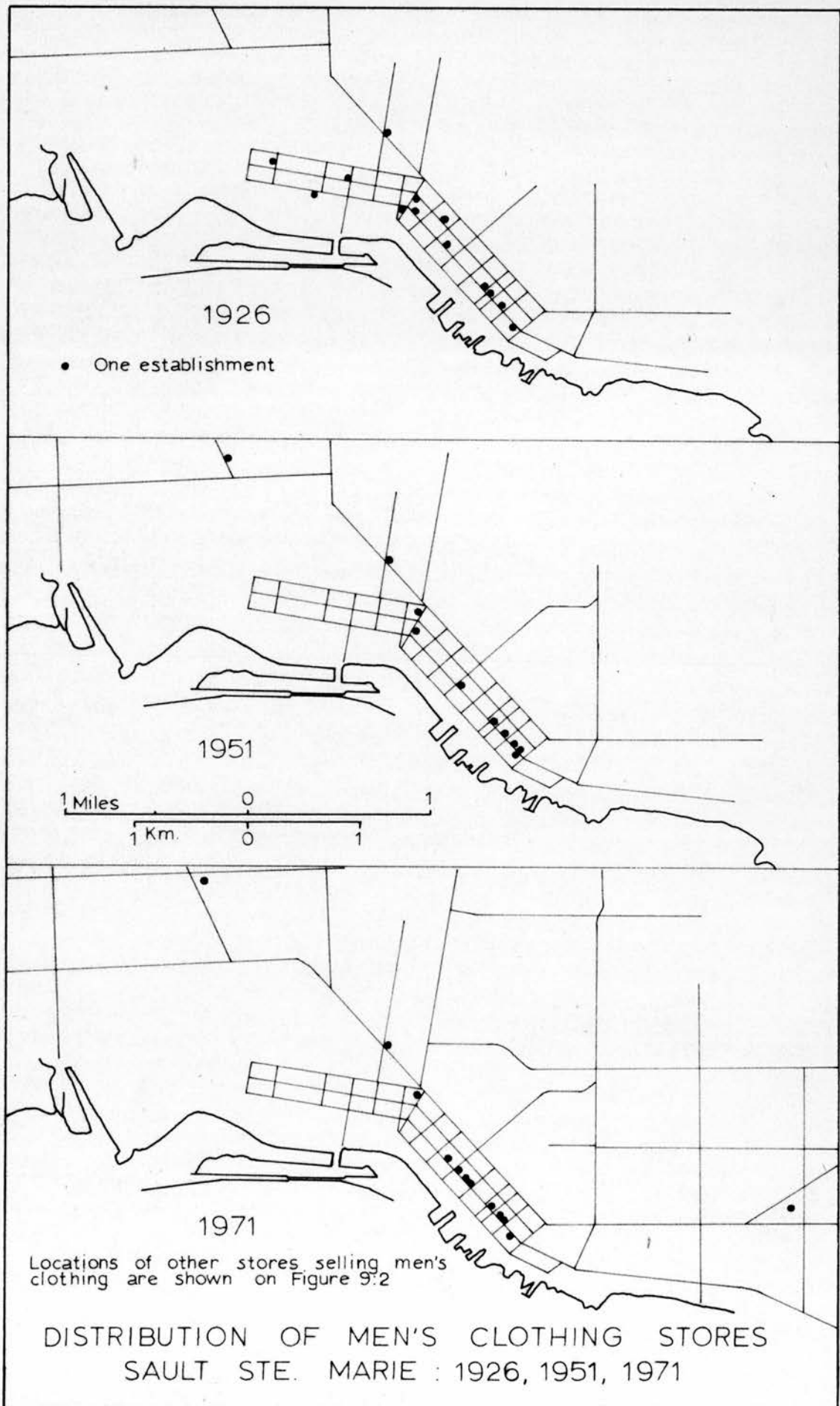


Figure 9:3

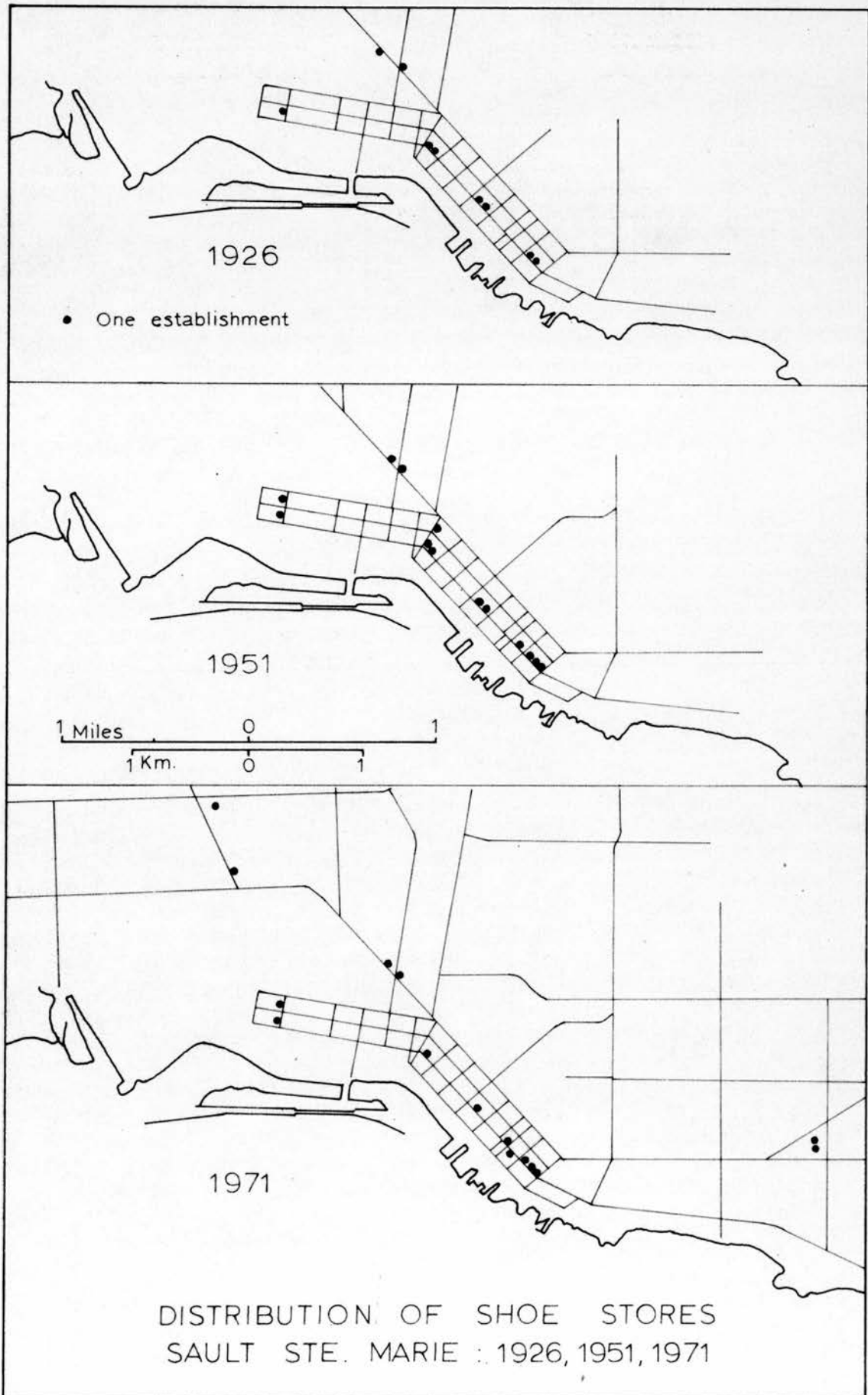


Figure 9:4

working population. Men's clothing stores have become more concentrated in the city centre, though the growth of suburban locations has again had the effect of eliminating some intermediate locations, for example, on Korah Road and Gore Street. The main concentrations of stores in the city centre are now between Bruce and Elgin and March and Brock Streets, close to ladies' clothing stores and to office locations (Figure 5:1).

Shoe stores (Figure 9:4) display the most persistent locations of the three types; the fact that chain stores are more common in this field may account in part for their permanence. Chain stores accounted for five of the eleven locations in 1951 and ten of the eighteen locations in 1961 though by 1966, their share had decreased to six of the fifteen locations. A concentration in the city centre is notable in 1926; stores there and in outlying business centres have persisted well, despite the establishment of stores in shopping centres since 1961. A comparison between Figure 9:4 and Figures 9:2 and 9:3 shows a high degree of association between shoe stores (none of which is specialised in Sault Ste. Marie) and the clothing stores. One exception is an isolated shoe store near Gore Street which was established at that location in 1903.

Figure 9:2 also shows the distribution in 1971 of family clothing stores and of stores with substantial sales of family clothing. In contrast to stores carrying narrower merchandise ranges, their distribution tends to be non-central; shopping-centre locations are prominent. Simmons' view that clothing stores: "... are high-order stores with a preference for centrality"³ applies less well to the more general type of clothing store. They do not seem to

3 Simmons, Toronto's Changing Retail Complex, p.39.

require association with other clothing store types as do the more specialised stores.

Figures 9:2 to 9:4 do not show dramatic shifts in store location over time; only the location of dry goods stores is marked by extreme locational shifts as can be seen in Figure 9:5. The unspecialised clothing store at the beginning of this century sold dry goods as part of its retail mix and this practice has continued to the present time though to a much lesser extent. Specialised dry goods stores apparently were established in non-central locations, often in small-scale premises, to provide a convenience-type service to customers in the local area. The influence of an ethnic element in location was demonstrated by the concentration of these stores along James Street, a concentration which remained apparent into the 1950s. The declining demand for yard goods, wool and linens has forced this type of store to abandon its non-central location and to locate in areas accessible to the larger urban market, that is, in the city centre and in shopping centres. Stores forced out of the dry goods trade in some cases turned to related merchandise such as clothing, especially ladies' clothing. The dry goods store has been reduced in number but has been upgraded in the process. Simmons notes the same type of change in Chicago between 1931 and 1954 by showing that the dry goods store moved from the neighbourhood to the community level in the hierarchy of business centres.⁴

In summarising the trends in location of apparel stores over time, the following conclusions may be reached:-

4 Simmons, The Changing Pattern of Retail Location, Figure 36, p.132.

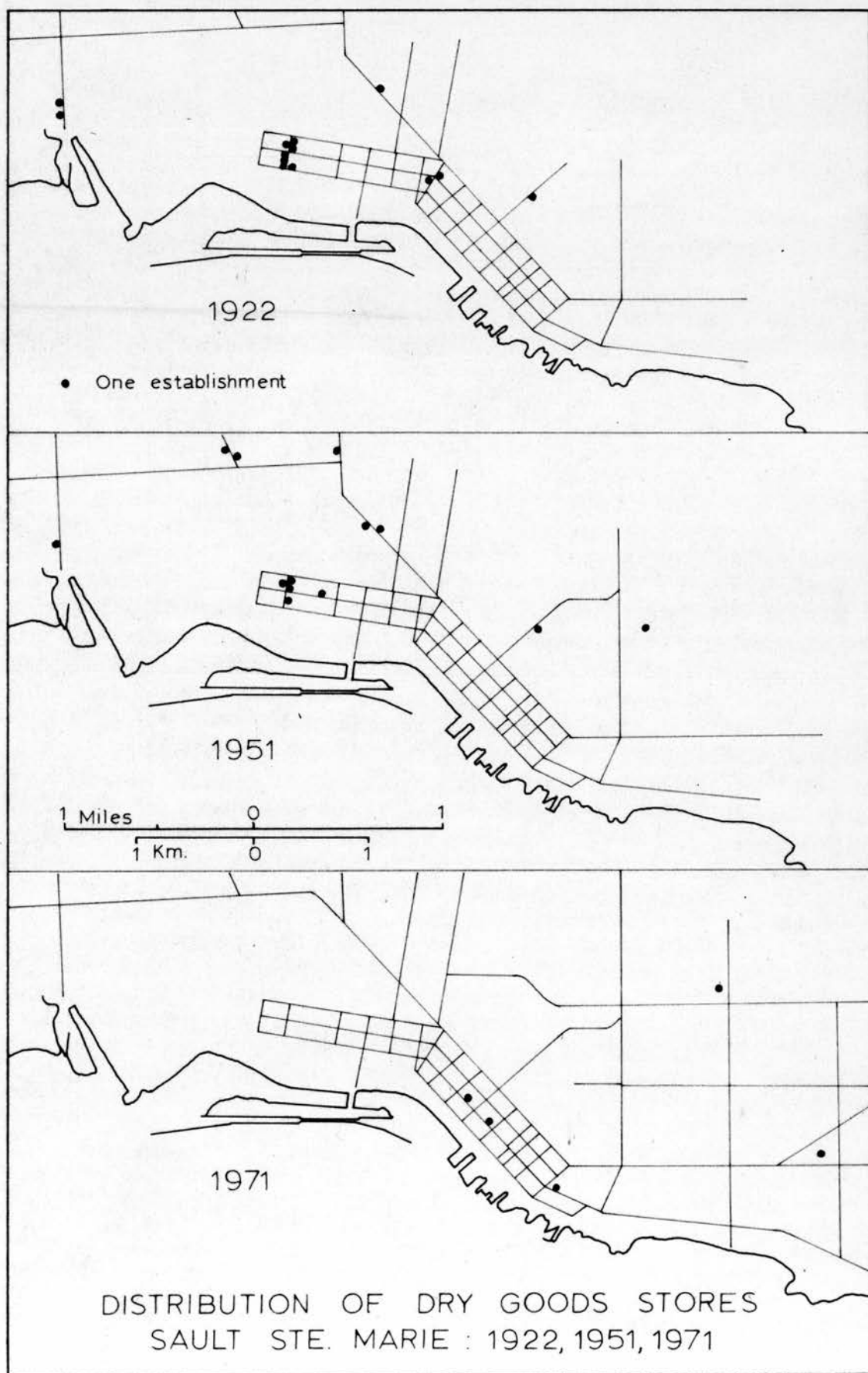


Figure 9:5

1. There is a preference for a central location by such stores; this conforms to the accepted categorisation of clothing as shopping goods. This tendency may be encouraged by the presence of a captive market composed of office workers in the city centre, as discussed in Chapter V.

2. A slow growth in demand for clothing together with rapidly rising costs have forced some stores out of the market place; those which have been least affected are in central locations along Queen Street or in shopping centres. Stores have been eliminated in intermediate locations, for example, in business districts such as Steelton and James Street and even on the fringe of the city centre along Gore Street whose general accessibility has been impaired by a change in traffic flow (Chapter VI).

3. There has been a tendency away from specialisation towards larger outlets carrying a range of family clothing.

4. The more specialised stores benefit from the clustering together of associated stores and, in this way, can counter the attraction of the more general outlets.

5. As a whole, the group demonstrates a high degree of stability in location; a number of locations can be recognised as having persisted over a long period of time - some for over sixty years.

THE GENERAL MERCHANDISE GROUP

The general merchandise group includes department and discount department stores, mail-order houses (usually associated with department stores), general merchandise, variety and general stores.⁵

⁵ See Appendix 1 for definitions of store types.

In 1930, this group accounted for 24.8 per cent of all retail sales in Canada; by 1966, this proportion had fallen to 15.9 per cent for Canada and was 13.7 per cent for Sault Ste. Marie (Table 9:2). As Table 9:2 illustrates, the place of general merchandise outlets in the national retail system has worsened since 1930, though this does not appear to be true of Sault Ste. Marie. However, because statistics are fragmentary for Sault Ste. Marie, it is useful to consider also the national statistics for store types within the group.

The general store, significant at the local scale until 1931 and nationally even beyond that date, has suffered a consistent decline (Figure 9:6). The unspecialised general store is a product of a rural society and as urbanisation has proceeded and the rural population has become more mobile, the general store has lost ground rapidly, its functions being assumed by other, more specialised stores. By 1951, the general store accounted for a negligible proportion of retail sales in Sault Ste. Marie (Table 9:2). The general store has re-appeared in another form, however; as Hall et al. state:

In earlier times, much of retail trade was carried out by the general store which aimed at providing practically everything in common use. With larger markets, a degree of specialisation developed and retail trade split into the particular trades echoed in the census groups. But now, particularly in North America, the revolution is completing its full cycle... the general store, on a much larger scale, is again taking over the trade and the departmental principle of stocking a variety of types of merchandise under one roof is becoming increasingly characteristic of the great and growing supermarket group ...⁶

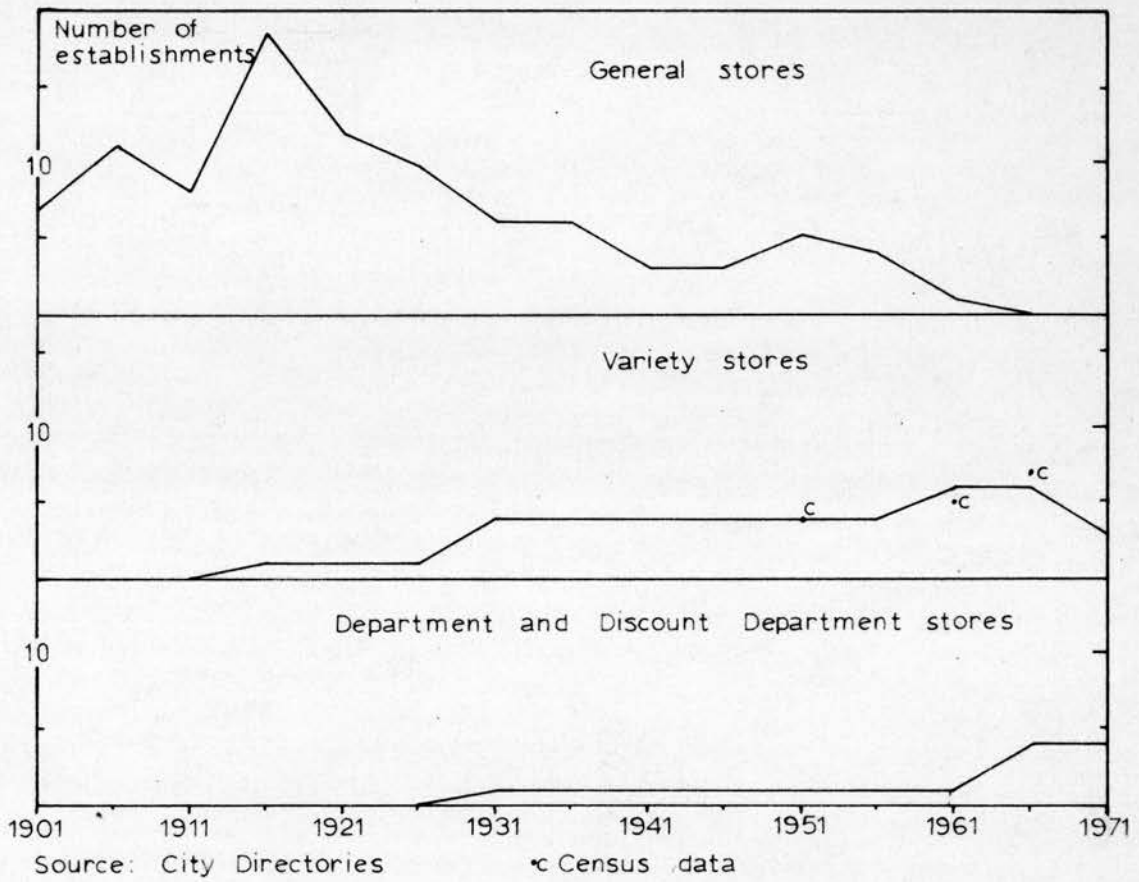
6 Hall et al., p.23.

TABLE 9:2

SALES BY GENERAL MERCHANDISE GROUP STORES
CANADA AND SAULT STE. MARIE
1930 - 1971

		(Sales as percentage of total retail sales) ^a				
		1930	1941	1951	1961	1966
General Merchandise Group	Canada	24.7	21.8	16.8	16.9	15.9
	Sault Ste. Marie	na	9.1	7.2	9.2	13.7
Department Store	Canada	12.9	11.0	8.5	8.6	8.7
	Sault Ste. Marie	na	na	na	na	9.4
General Store	Canada	7.6	6.2	4.9	3.8	2.5
	Sault Ste. Marie	na	na	0.2	na	na
Variety Store	Canada	1.6	2.5	1.9	2.3	2.1
	Sault Ste. Marie	2.7	na	2.7	2.5	2.4
						1971 ^a
General Merchandise Group	Canada					17.5
	Sault Ste. Marie					na
Department Store	Canada					10.5
	Sault Ste. Marie					na
General Store	Canada					2.2
	Sault Ste. Marie					na
Variety Store	Canada					1.9
	Sault Ste. Marie					na

^a Estimates from Survey of Markets 1971.
na not available.
Source: As Table 5:1.



CHANGES IN THE NUMBER OF
GENERAL MERCHANDISE STORES
SAULT STE. MARIE : 1901-1971

Figure 9.6

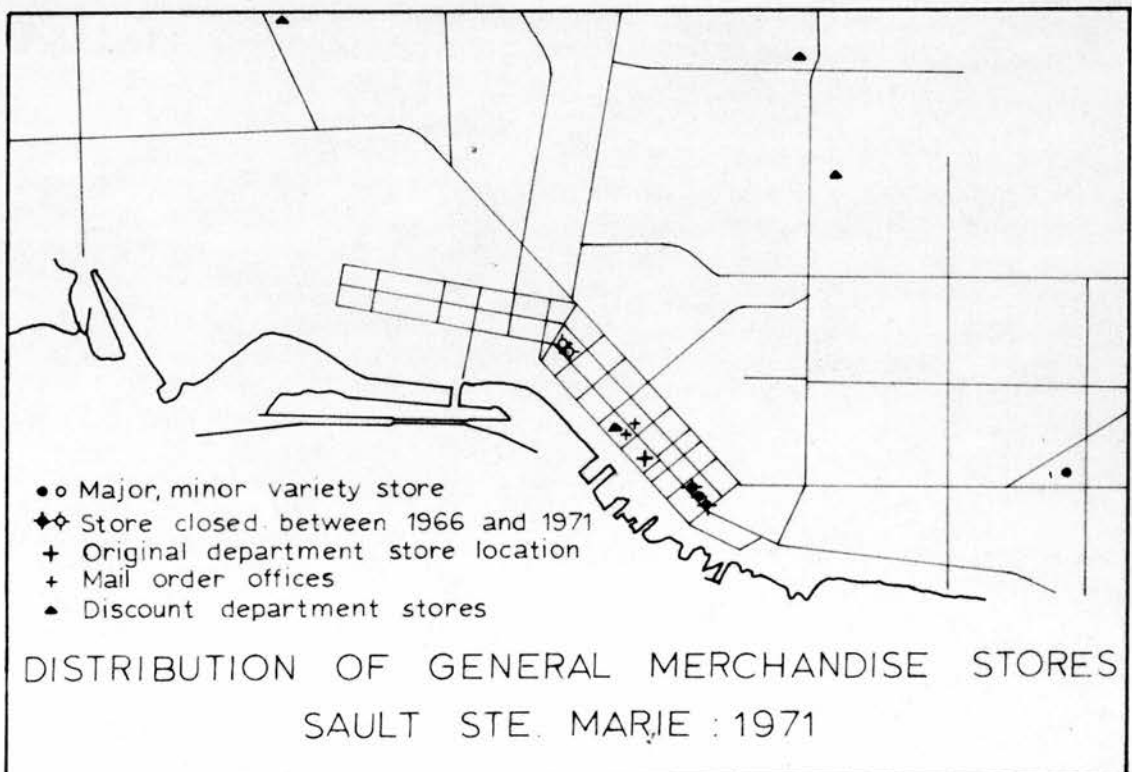


Figure 9.7

The department store had its start in Canada in the late nineteenth century as stores in urban areas expanded to include other lines. Moyer and Snyder point out that:

For example, Timothy Eaton, who had opened a small, low-priced dry goods store in Toronto in 1869, began to add such lines as jewellery, hardware, house furnishings, toys and drugs until by the 1880's Eaton's had become a full fledged department store ... The extension of department store operations continued with the addition of mail-order catalogues beginning in the 1880's, and of mail-order offices beginning in 1916."⁷

By 1930, department stores accounted for 12.9 per cent of the nation's retail trade (Table 9:2), their growth being explained by the concentration of markets within urban areas and an increase in the outreach of their stores with improvements in communication and transportation. A branch of the Canadian Department Store chain had been established in Sault Ste. Marie by 1931. The store had become part of the T. Eaton Co. chain by 1946 and later was taken over by Walkers Ltd. - a chain emphasizing apparel lines and hence, not a true department store. Since 1930, the department stores' share of national retail trade has declined. The traditional location of the department store in the congested core of the city may be one factor in this decline. Another is the trend to "pre-retailing" which has encouraged the establishment of competitive outlets and eroded store loyalties. Finally, consumption patterns (Chapter IV) show that a decreasing proportion of personal income is being spent on the commodities that the department store sells. In Canada in 1966, 45.8 per cent of department store sales were of

7 Moyer and Snyder, p.99.

apparel, accessories and dry goods; a further 29.4 per cent were of hardware, furniture, appliances and house furnishings.⁸ The department store has attempted to counter these difficulties in a number of ways. Department stores have moved to suburban locations in planned shopping centres; in 1968, 36.2 per cent of all department store sales were done in shopping-centre locations and their sales rose from 23.6 per cent of all shopping-centre sales in 1956 to 30.2 per cent in 1968.⁹ No suburban department store location exists in Sault Ste. Marie, probably because of the size of the local market; a full-line department store now requires a tributary market of 100,000.¹⁰ Alternatively, department stores have been involved in the renewal of city centres; Simpson-Sears plans to build a full-line department store in the first phase of the Algoma Central Railway waterfront development in Sault Ste. Marie (Chapter VI) to supplement its present limited-line outlet and mail-order business. Pre-retailing has been countered by the use of private brands (Chapter V) and by an emphasis on service: "Satisfaction guaranteed or money refunded" and "We service what we sell" are two slogans suggesting this. Nevertheless, these attempts have been only marginally successful in raising the proportion of department store sales which rose from 8.5 per cent in 1951 to 8.7 per cent in 1966 in Canada (Table 9:2). The rapid rise to an estimated 10.5 per cent in 1971 is related to the inclusion in the department store total of a new competitor - the discount department store.

8 Canada, D.B.S., Census of Canada, 1966, (Ottawa 1969) Vol.6-8. Table 19.

9 Canada, D.B.S., Shopping Centres in Canada 1969 (Ottawa 1971) Table 2.

10 Roseman, Financial Post, July 8, 1972.

As is true of most new types of retail operation, the discount department store began in the United States and later moved to Canada, the first store opening in Toronto in 1960. Being a high-volume, low-margin self-service operation, it found its precedent in both the department store and the supermarket. In order to achieve a high turnover, it requires high levels of population and income. Though accounting for only 1.39 per cent of retail trade and 14.13 per cent of department store sales nationally in 1966, discount stores have proved highly successful especially in Ontario where they registered 58.2 per cent of the total Canadian sales in 1966.¹¹ These stores have been remarkably successful in Sault Ste. Marie where four were established between 1961 and 1966. While total retail sales in Sault Ste. Marie increased by 12.7 per cent between 1961 and 1966, the sales of the general merchandise group increased by 91.1 per cent, with the four discount stores accounting for 9.5 per cent of total retail sales. If the sales of automobiles, automotive products and food are excluded from city retail sales, then discount stores in Sault Ste. Marie account for 45.8 per cent of sales by remaining stores. The discount store is the largest scale retail outlet in the city, averaging \$2,251,000 in sales in 1966.

Variety stores had made their appearance in Sault Ste. Marie by 1916, the first being F.W. Woolworth and Co. Ltd. (Figure 9:7). By 1931, four chain variety stores existed and this number remained unchanged until the late 1950s when one small store was added in the west of the city centre and one in a shopping centre. In 1972, only two variety stores remained (Figure 9:7); of the other major

11 Canada, D.B.S., Retail Trade: Department Store Sales and Stocks, Vol. XXXII No.1 Jan. 1967.

stores, one was closed when the associated discount store opened and the other was not re-opened after a fire as it was no longer the company's policy to develop on small sites of 10,000 to 15,000 square feet. Table 9:2 indicates that the variety stores' share of sales, both nationally and locally, has been declining since 1961, under the twin burdens of city centre location and discount store competition. However, some variety store chains have moved successfully into discount department store operations; three of the four discount stores in Sault Ste. Marie represent the upgrading of chain variety stores.

Figure 9:7 shows the distribution of stores of the general merchandise group in the city. Those established prior to 1951 demonstrate their preference for central locations with accessibility, at that time, to the entire urban market. Hoyt points out that: "General merchandise stores, that is department and variety stores, had long been the dominating magnets and attractions of the central retail areas. In this field, the CBD stores had almost a monopoly in most cities prior to 1920...¹² The three major variety stores, each with approximately 10,000 square feet of floor space, occurred within one block. Ratcliff suggests that: "The presence of competing variety outlets is not an important disadvantage in the central retail area. In fact, since women shop among the variety stores for many articles, it is often an advantage".¹³ The original department store location further west occupied 30,000 square feet on three floors but this amount of floor space is inadequate for a modern full-line department store.

12 Hoyt, According to Hoyt, p.285.

13 Ratcliff, Urban Land Economics, p.130.

Stores established in the later 1950s and early 1960s show a preference for suburban locations where land was easily obtainable in large enough blocks to provide parking facilities and ample floor-space; discount department stores in Sault Ste. Marie range from 43,000 to 61,000 square feet in size. Also, land was cheaper than in the city centre. Only the Woolco store was built in the city centre; the site chosen was one without any important commercial development but close to other general merchandise stores, motels and offices (Figure 10:5). Parking was provided in the basement with vehicular access from Bay Street only; access from the north-east of the city is good via Bruce Street. The first discount store to open in Sault Ste. Marie, K-Mart, chose what at first sight is a remarkably peripheral position. As was pointed out in Chapter VI,¹⁴ the site was vacant and lay outside the city boundary and, therefore, beyond the jurisdiction of the city's early-closing By-law. The location is easily accessible along major highways from any part of the city and is adjacent to Highway 17 North, part of the Trans-Canada Highway. It has been to date the most successful of the discount store locations. Stedman's was the third to be built and while well located in respect to the western half of the city, it suffers from the interceptor locations of both K-Mart and Sentry between it and the north-east and east of the city. The last store to be built, Sentry, is also located adjacent to Highway 17 North and close to residential districts but is possibly too close to K-Mart to be really successful. These discount stores' locations, with the exception of Woolco, support Nelson's view that the discount store is a "generative" location, that is, one to which the consumer is attracted directly from his place of residence;¹⁴

¹⁴ Nelson, p.46.

such stores therefore, utilise what he terms "on your own" locations.¹⁵ Accessibility to the entire urban market is therefore the prime requirement of the discount store. Cohen and Lewis suggest that: "The modern function of 'one-stop shopping' ... (in a sense, a revival of the general store on a gargantuan scale) now calls for a free-standing unit at a point of maximum accessibility for automobile traffic."¹⁶

These centres thus share certain location characteristics. They have been sited in relation to heavily travelled arteries, though Market Mall is less well-placed than the others. There is some orientation in each towards residential areas of lower to middle income areas; this is most true of the Market Mall whereas the others are located so as to be accessible to all sectors of the city and are not so restricted in their market range. In the study of Chicago, Simmons suggests that because discount stores are: "Dependent on the patronage of one segment of the population, they thrive on increases in the proportion of low income groups ... Discount stores are concentrated in the wide arc of the transition zone of the city, the area of expansion of low income neighbourhoods."¹⁷ This is not the case in Sault Ste. Marie. Discount department stores appeared later in Canada than in the United States and were different from earlier types in the United States. Moyer and Snyder point out that:

15 Ibid., p.159.

16 Cohen and Lewis, p.2.

17 Simmons, The Changing Pattern of Retail Location, p.116.

Their buildings and fixtures were new and they were designed and laid out with an eye to pleasant decor as well as low-cost operation. Often they were located in shopping centres. Many of them offered a fairly broad range of goods, including soft lines and groceries, and most of them provided free parking, credit, and delivery service. None of these features were characteristic of the first American discount houses.¹⁸

Consequently, their locations differ from those referred to by Simmons in Chicago, and they are not necessarily patronised only by low income groups. Moyer and Snyder claim that:

Post-war affluence has made shoppers more inclined to spend money and less inclined to spend time and energy the newer discount department stores have usually been conveniently located, adequately supplied with parking space, accessible during the evening hours, attractive and informal in atmosphere and suitably designed for self-selection.¹⁹

While lower prices have appeal it is likely, therefore, that non-monetary considerations are equally important in the decision to shop at the discount department stores; their potential market is thus the city, not solely the low income neighbourhood.

The high volume of sales attracted by the discount department store (p.269) has implications for the number of, and sales by, stores handling similar merchandise, for example, clothing, hardware and drug stores. However, the generative power of the discount department store is such that its existence is not necessarily inimical to the success of nearby stores. Stedman's is associated with more specialised stores in the Market Mall, and Woolco with downtown stores in the Dennis to Elgin Street sector of Queen Street. Woolco has acted as an "anchor" to this sector and its effect will be considered further in Chapter X.

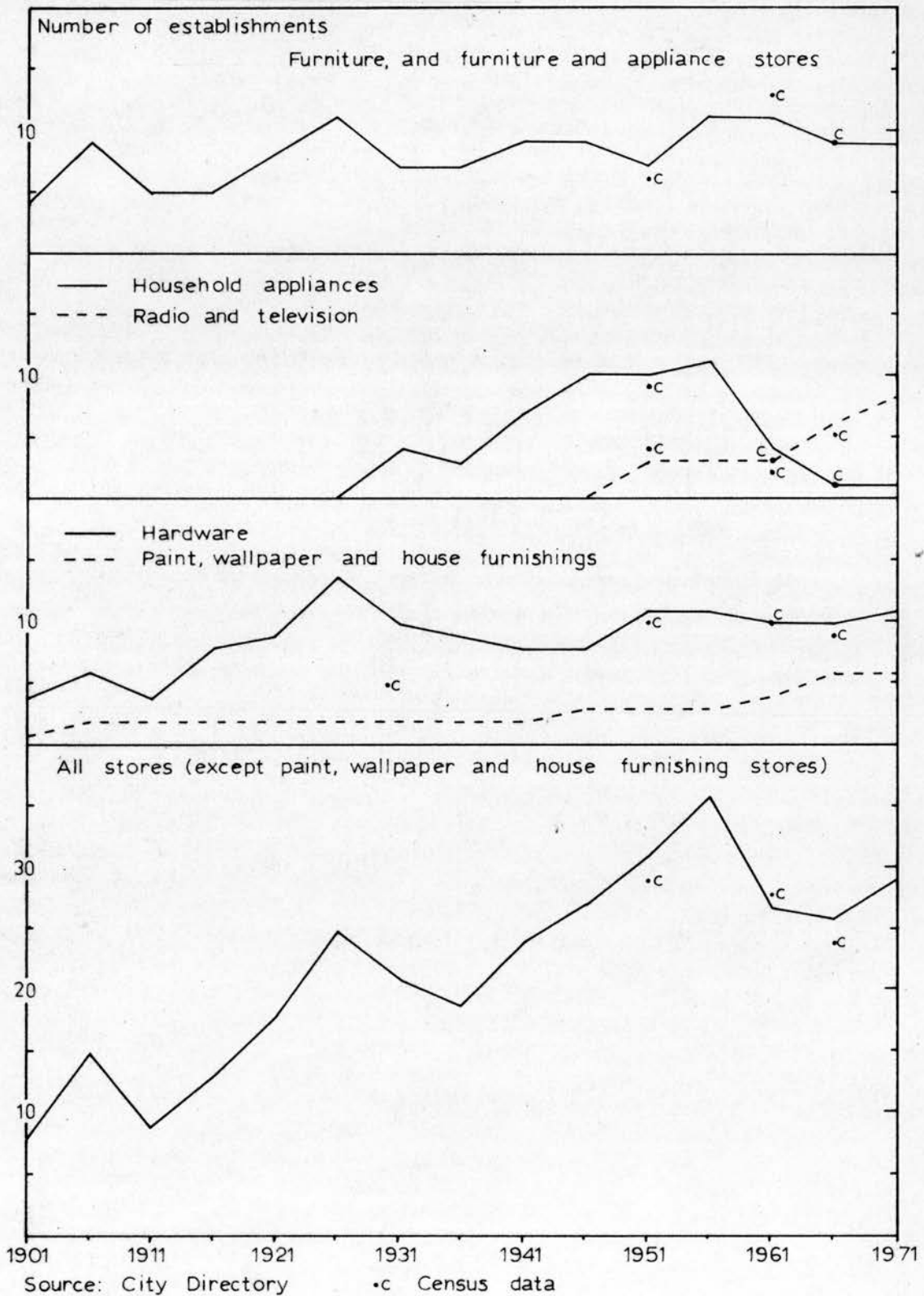
18 Moyer & Snyder, p.119.

19 Ibid., p.122-124.

THE HOME FURNISHINGS GROUP

This group includes a wide variety of stores: hardware, furniture, household appliances, radio and television, paint, carpets and draperies. The pattern for all stores as a group (Figure 9:8) is one of an increase in number with well-marked declines during the Depression and after 1956; this is shown also by the changing proportion of these stores to total stores (Table 8:1). As a whole, this group has suffered from the declining proportion of income being spent on its merchandise since 1956; its share of all retail trade declined from 9.8 per cent in 1961 to 6.9 per cent in 1966 (Table 8:2).

Though many separate patterns created by individual business types are combined to make this general pattern, it is preferable to consider the group as a whole as there is a considerable degree of inter-relationship between its members. Between 1901 and 1971, there were only small variations in the number of hardware and furniture stores and the number in 1971 in both cases was below the 1926 peak. The appearance of the household appliance store in the 1920s is very striking. As was true of the automobile, household appliances required a specialised dealer to educate the public and to provide the necessary levels of service (p.243). By 1956, appliance dealers were as ubiquitous as furniture or hardware dealers but as early as the 1940s, electrical appliances, by then widely accepted by the public, were being handled in hardware and eventually in furniture stores. By 1966, only one specialised appliance dealer remained in business. Much the same pattern can be seen in the post-war rise of the specialised radio and television dealer; again, customer unfamiliarity and the need for a high level of technical expertise created a specialised store.



CHANGES IN THE NUMBER OF
HOME FURNISHINGS STORES
SAULT STE. MARIE : 1901-1971

Figure 9:8

Though furniture dealers and department and discount stores now handle radio and television sales, the continuing need for service and the fact that sales and service are usually combined in a specialised store of this kind, suggest that its future in the short term is relatively secure. The rise of a small number of stores handling paint and wallpaper, floor coverings and draperies since 1956 suggests a widening of the market for these items as home ownership has grown in the post-war period. Average sales per store are low, however, ranging from \$40,000 to \$150,000 (current dollars) in 1966.

Stores within the home furnishings group have always been susceptible to invasion by other store types and much blurring of merchandise boundaries has occurred. This was true even at the beginning of the century; the furniture dealer doubled as an undertaker, and paint and wallpaper were combined with sales of stationery and fancy goods. Hardware stores now sell paint, china and floor coverings and may include a furniture department; furniture stores handle carpets and draperies in addition to appliances. This broadening of the product mix is an attempt to achieve higher volume.

The competitive position of stores in this group has been weakened by a number of factors. The slow growth in demand for their products has been referred to. The fact that they find it difficult to achieve economies of scale is also important. As was discussed in Chapter V, these stores, which must give personal service, have experienced an increase in labour cost (to as high as 19 per cent of sales) and consequently, rising margins. Finally, these stores have been subjected to severe competition from building material dealers and department and discount department stores.

Figure 9:9 shows the distribution of hardware and furniture stores in 1926, 1956 and 1971. In 1926 and 1956 central locations along Queen Street were preferred by furniture stores with some stores in outlying centres such as Steelton and James Street. Between 1926 and 1956, there appears to have been some shift of furniture stores eastward along Queen Street to locations east and west of Bruce Street. By 1971, the number of locations along Queen Street had declined as had those in the outlying centres to the west. New locations on easily accessible sites, with ample parking and display space, close to main highways and to the higher income suburbs in the north and east have been established instead. Each of these is an "on your own location" removed from competitive or compatible stores; none deals in low-priced, mass-appeal furniture. Their location tends to confirm Leigh's view that: "... specialized furniture stores need not be centrally located ... interview reveals that merchant attitudes towards product differentiation, store image and customer mobility, structure location choice".²⁰ He maintains that as major furniture purchases are made infrequently, shoppers do not object to relatively long shopping trips to eccentric locations. Changes in location of two furniture stores between 1970 and 1972 illustrate certain aspects of the location decision. Store A (Figure 9:9) was originally located in a highly eccentric location in a lower income area and with poor accessibility to the city market. In 1972, it was moved to a more central location. Eccentricity, in this case, carried certain penalties. Store B was established in 1953 just off

20 Leigh, p.49.

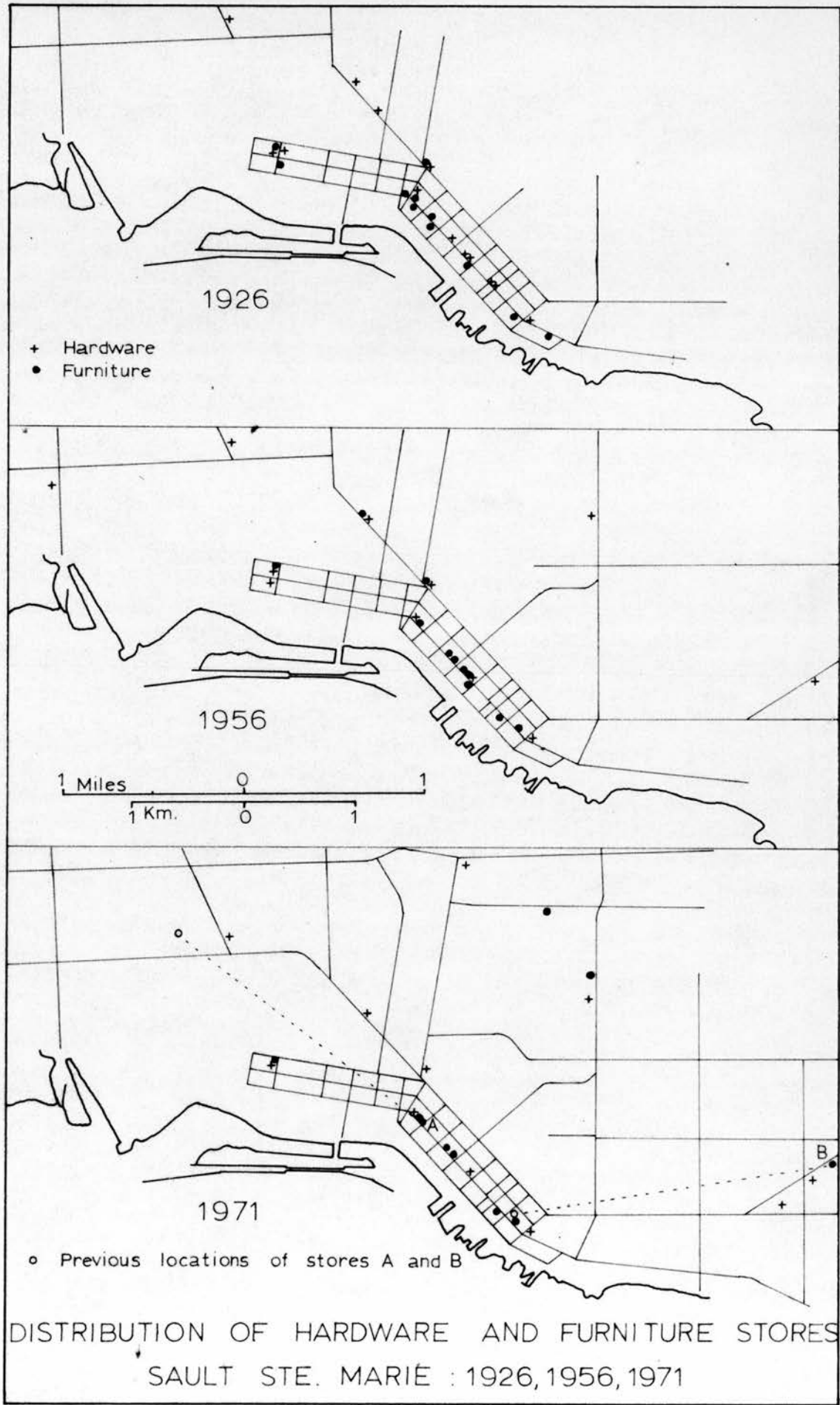


Figure 9:9

Queen Street on a floor area of only 2,900 square feet. As is evident from Figure 9:10, the market hinterland of this store became strongly localised in the middle and upper income residential areas to the north and east. Consequently, a move in 1971 to a larger site on Highway 17 East with parking and display facilities will impose no real penalties resulting from an eccentric location. Orientation to a selective market is characteristic of this higher order store.

Hardware stores, on the other hand, have been more common since 1926 in outlying centres than in central locations (Figure 9:9). In 1956, only three of eleven locations were on Queen Street; the 1971 distribution further confirms that the market area for a hardware store is oriented towards a local market rather than a city-wide one. Figure 9:10 which shows the market hinterland for a long-established hardware store in Steelton provides further confirmation; eccentrically located consumers may be those whose habitual journeys, for example to work, take them past this store. Until 1956, there appeared to be some relationship between hardware and furniture stores which in a number of locations were adjacent; this is not so evident in 1971, though in one case a hardware and furniture store are under the same ownership. Despite the shifts that have taken place in the location of both hardware and furniture stores, there is still a considerable degree of stability and some locations have not changed since 1926.

Figure 9:11 shows the distribution of the remaining stores in this group. The decline of the household appliance store is striking. As was the case with furniture stores, a central location was preferred for the household appliance store in 1956; for the radio

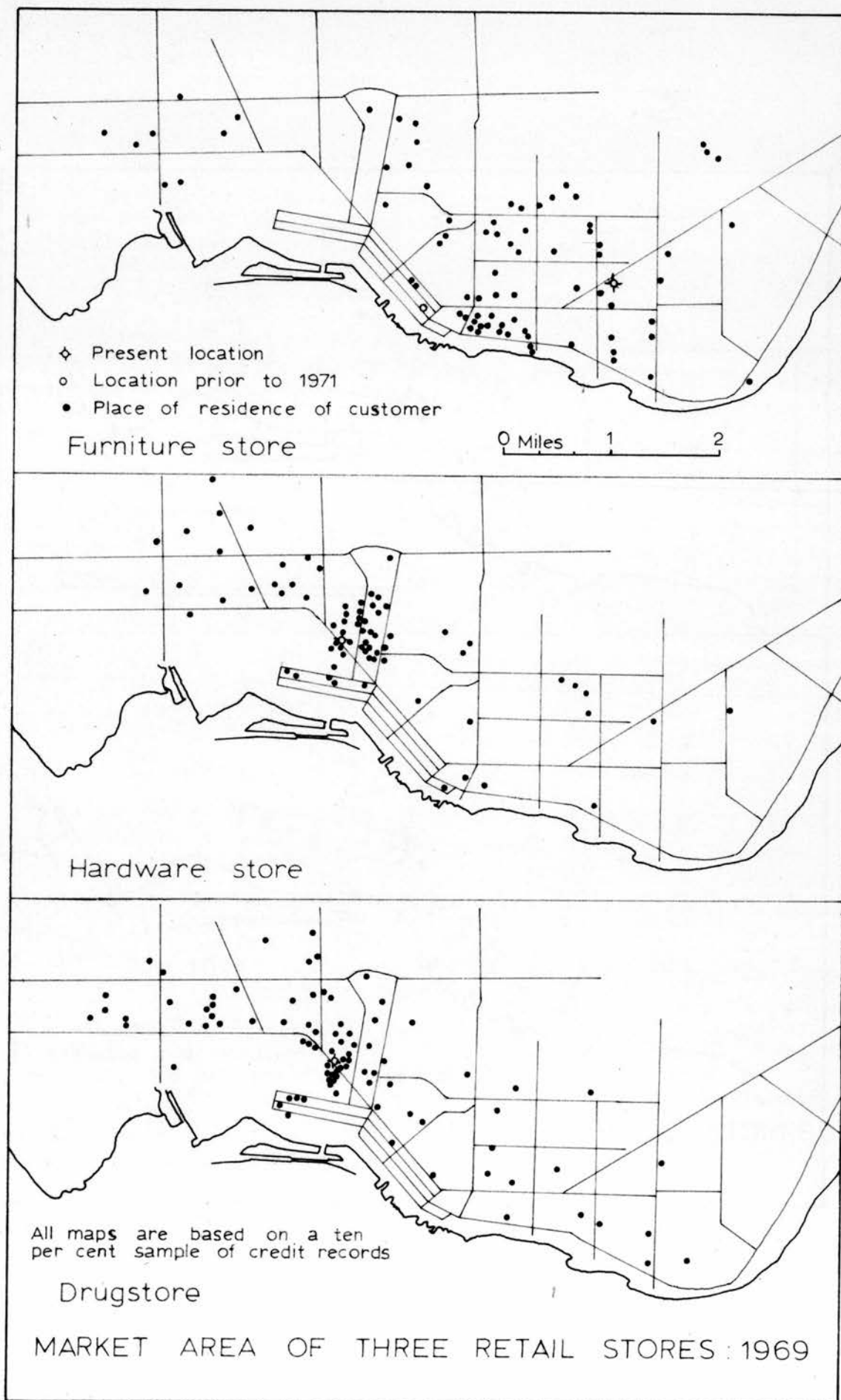


Figure 9:10

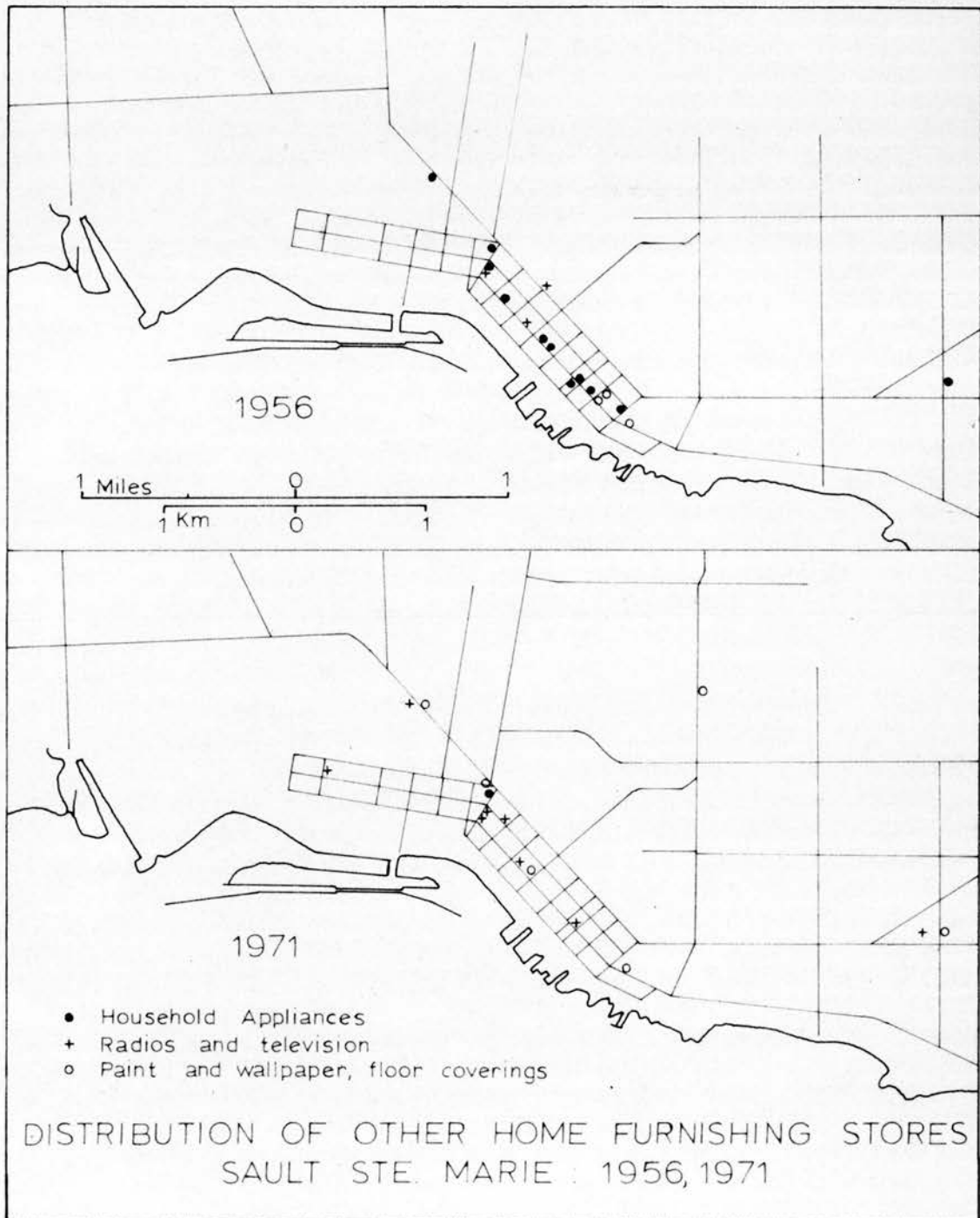


Figure 9:11

and television stores and those dealing in paints, wallpaper and house furnishings whose development has been primarily since 1951 (Figure 9:8), locations either on the fringe of the city centre or further out towards residential areas have been chosen. As part of their function is to provide service and as their average sales per store are low, such stores find locations off Queen Street provide reasonable access to customers and yet avoid the higher cost of a central location.

In general, the post-war demand for consumer durables such as furniture and appliances, is reflected in an increase in the number of centrally located stores. Shifts in the commodity mix, decreasing demand, increasing space requirements in stores and increasing consumer mobility have weakened the role of stores of this group as a major component of central area retailing.

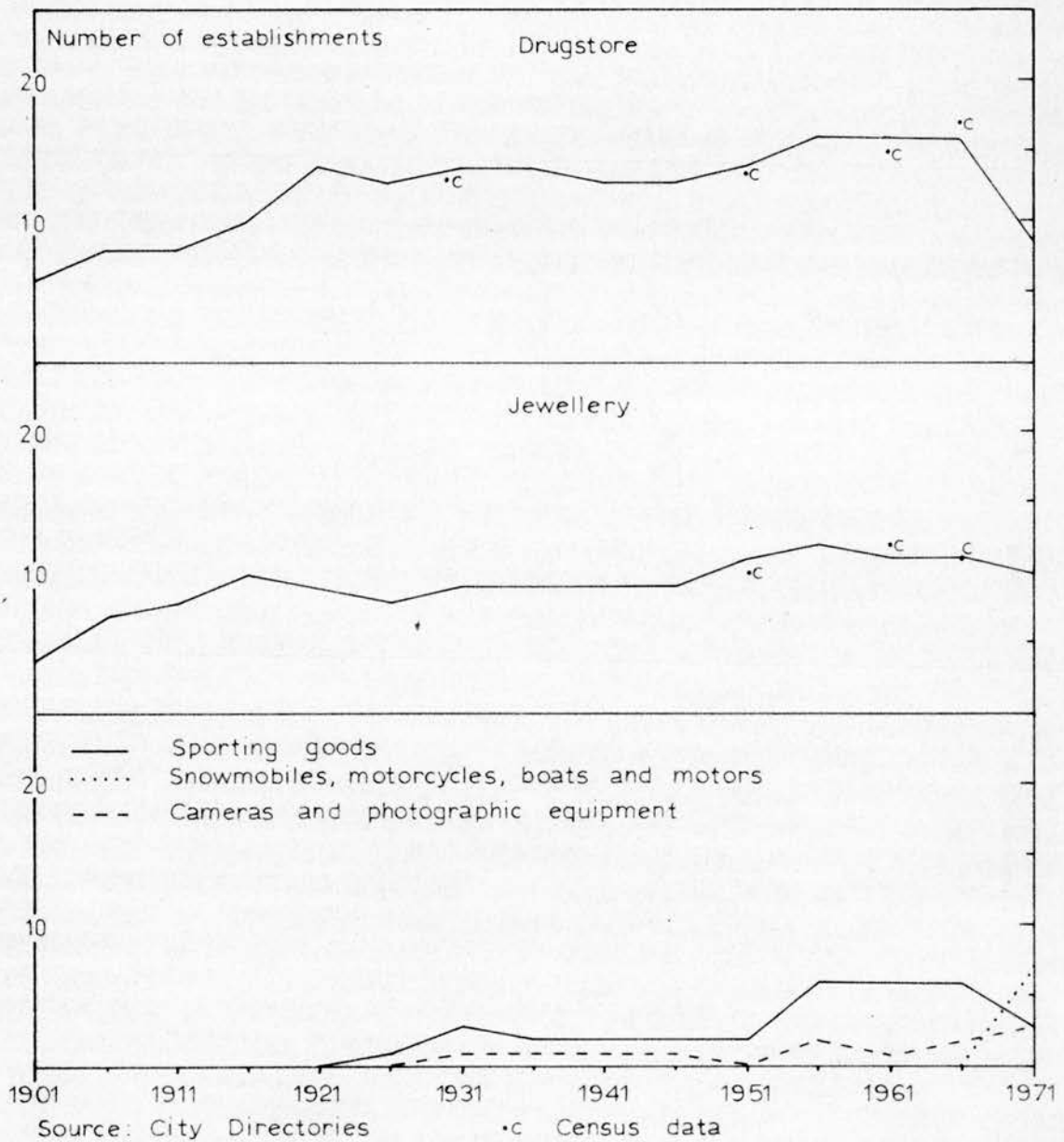
OTHER RETAIL STORES

Stores within this group²¹ accounted for 13.3 per cent of total sales and 17.7 per cent of all establishments in 1966 in Sault Ste. Marie. If fuel oil dealers and beer and liquor stores are excluded, the percentages become 6.7 per cent and 15.2 per cent respectively. Though widespread in their occurrence in the fabric of retailing, their contribution to total sales is small. As most of the store types in this group occur only in small numbers in a city the size of Sault Ste. Marie, only a select group of store types will be considered.

21 Stores in this group represented in Sault Ste. Marie in 1966 are as follows:- drugstores (17), patent medicine (1), fuel oil dealers (6), fuel dealers (1), liquor stores (3), brewers' stores (3), wine stores (1), jewellery stores (11), sporting goods (5), boats and motor dealers (2), motorcycle dealers (1), tobacco stores (7), book and stationery stores (3), florists (4), gift stores (1), camera stores (2), piano stores (1), music stores (4), opticians (1), health appliance stores (1), monument dealers (3), toy shops (1), pet stores (1), wool stores (2).

Figure 9:12 shows the change in the number of drugstores between 1901 and 1971. Apart from a rise to 1921 as population grew, the number has stayed remarkably stable. Even the rapid post-war growth of population and the areal spread of the city affected the number only slightly. The slow growth in number is paralleled by a decline in their sales as a proportion of total sales (Table 8:2). The very rapid decline in number since 1966 is well-marked; drugstores are now facing serious competition from pharmacies located in three discount department stores. Drugstores have suffered competition also from more specialised stores, for example those dealing in photographic equipment and supplies. They have been affected, too, by the general decline in the proportion of income devoted to personal care (Tables 4:3 and 4:4) and by public concern over the high costs of drugs. Drugstores have been unable to achieve any economies of scale. Though average sales per store in 1930 dollars rose from \$24,000 in 1930 to \$70,500 in 1961, they fell to \$58,900 by 1966 and the percentage of their payroll to total sales rose from 10.7 per cent in 1951 to 19.2 per cent in 1966 (Table 5:6). On the other hand, drugstores located in discount department stores have applied a self-service format to the sale of patent medicines and toilet articles. Only the relatively high expense of the pharmacist cannot be avoided.

The pattern of change of jewellery stores (Figure 9:12) is similar to that of drugstores. After reaching a peak in 1916, little numerical change occurred until the period of rapid population growth after the War. Since 1956, the number of outlets has declined slowly. However, the proportion of jewellery store sales to total retail sales declined sharply by almost 50 per cent



CHANGES IN THE NUMBER OF STORES DEALING IN
 DRUGS, JEWELLERY AND LEISURE EQUIPMENT

SAULT STE. MARIE : 1901-1971

Figure 9 :12

between 1951 and 1966 (Table 8:2). The jewellery store has been affected by slow growth in demand for its products, by its inability to adopt a self-service system and therefore, by rising labour costs. The proportion of payroll to total sales by jewellery stores rose from 8.4 per cent in 1951 to 19.6 per cent in 1966. This latter figure was the highest for any major business type. Average sales per store in 1930 dollars have remained almost steady: \$33,000 in 1951, \$34,600 in 1961 and \$31,100 in 1966.

In contrast to drug and jewellery stores, camera and sporting goods stores have shown considerable growth (Figure 9:12). Because they required substantial levels of population and income, they did not appear until after 1921. Prior to this date (and even later) sporting goods were handled by hardware stores and photographic equipment by drugstores. The growth of the specialised stores since 1951 has resulted from further increases in population and wealth and from the fact that an increasing proportion of income is now being devoted to leisure-time pursuits (Chapter IV). Per capita sales in 1930 dollars by sporting goods stores trebled between 1951 and 1966, from \$4.40 to \$12.40, and their proportion of total sales increased from 0.5 per cent in 1951 to 1.0 per cent in 1966. While other retail establishments do handle their merchandise, the more specialised stores can resist competition because the choice of sporting goods and cameras requires a considerable amount of in-store service and technical expertise. The number of dealers in snowmachines (or snow-mobiles), motorcycles, boats and motors has shown a very rapid growth since 1966. Many of these dealers are franchised as are automobile dealers, and while sales should continue to increase, the number of establishments will probably not.

Figure 9:13 shows the location of drugstores in 1922, 1961 and 1971. Drugstores were concentrated on Queen Street in 1922 though locations in Steelton, James Street and Gore Street suggest an orientation towards residential areas as well. Vance holds that four business types - the department, variety, men's wear and drug stores - brought the CBD into existence as the city's prime retail area.²² However, even before 1961, the drugstore was clearly moving out of the city centre to outlying locations and by 1971, only two central locations still existed. Location of drugstores in shopping centres and as part of discount department store operations has had the effect of reducing the number of stores in non-central locations as well. Those that remain are clearly oriented to neighbourhood markets as is illustrated by Figure 9:10. As has been pointed out, the drugstore has experienced difficulty in increasing the scale of its operations, though the forming of voluntary chains such as I.D.A. (Chapter VII, p.219) reflects an attempt to do so. The decrease in the number of drugstores reflects high margins (32.3 per cent in 1961) and a decreasing proportion of income devoted to their products. Therefore, there has been an increase in their threshold and a need to widen their range; both are difficult for the individual store to achieve.

Jewellery stores (Figure 9:14) show very little change in overall location between 1916 and 1971. Central locations are obviously preferred; non-central locations in the west in 1916, 1956 and 1971 were all small-scale operations concerned primarily with watch-repairing. Only the jewellery store operation in Churchill Plaza is

22 Vance, "Emerging Patterns of Commercial Structure in American Cities", p.490.

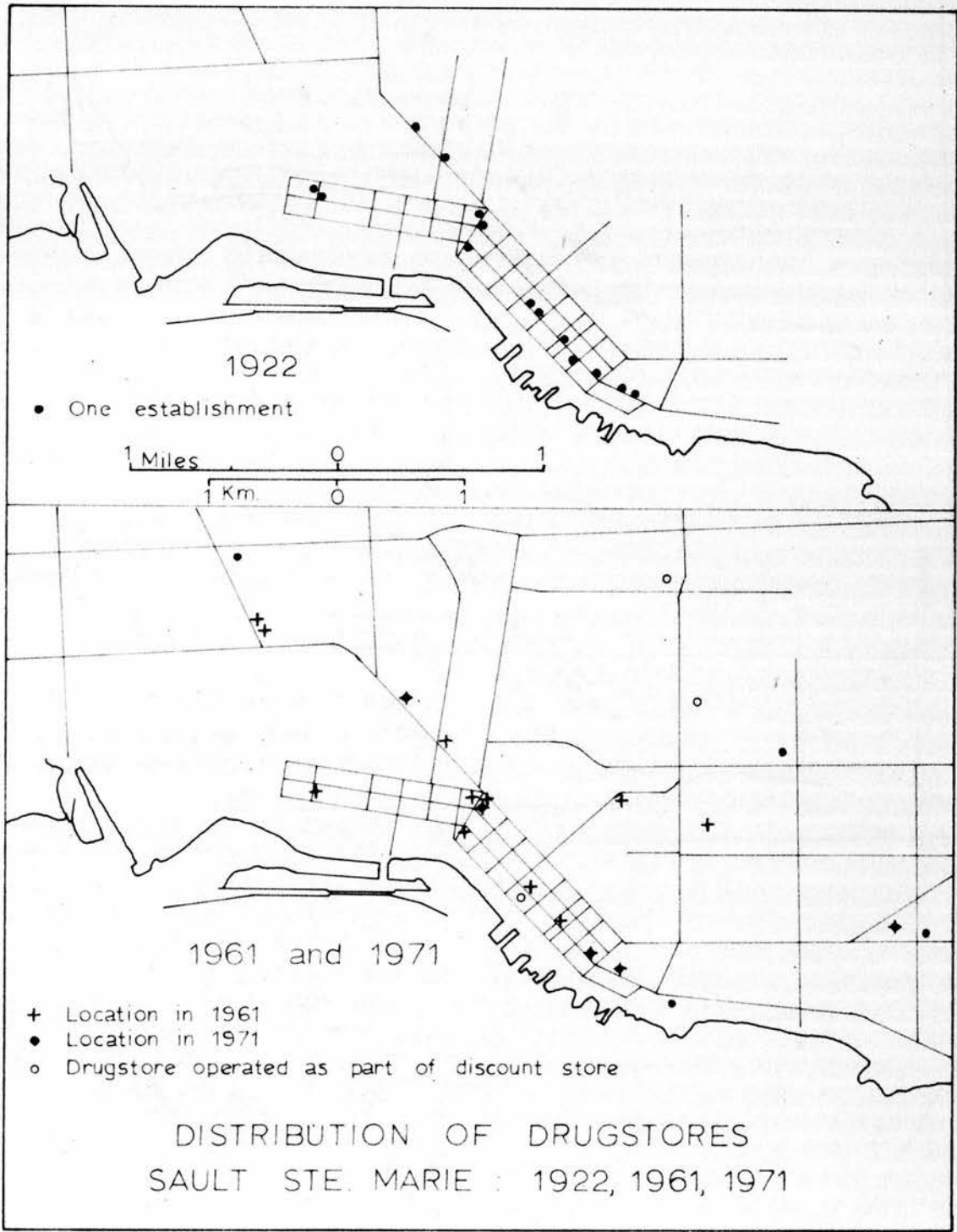


Figure 9.13

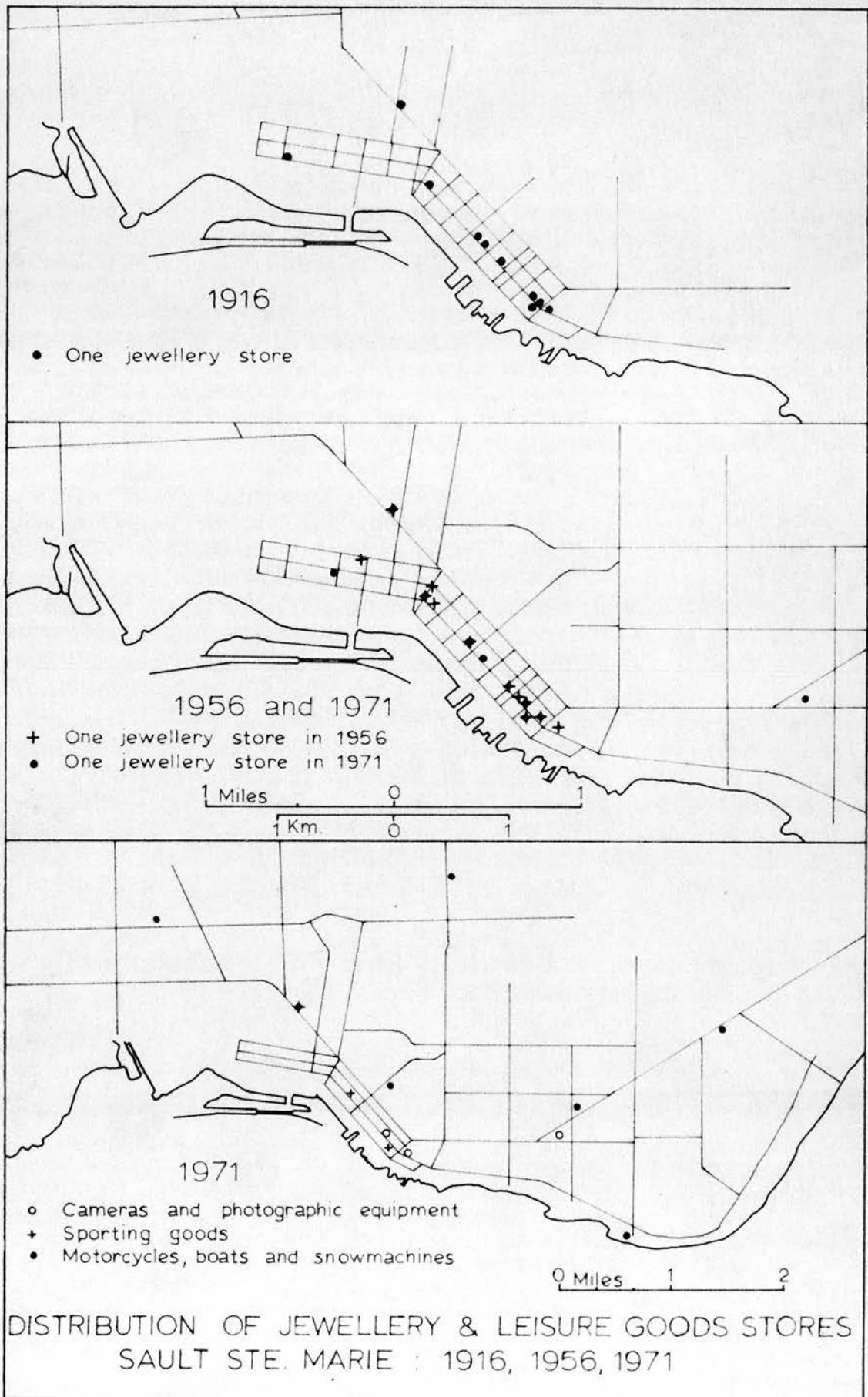


Figure 9.14

of a scale comparable to the centrally located stores. The loss of three outlets in central locations between 1956 and 1971 reflects the problems experienced by jewellery stores in maintaining sales volume in the face of slow increases in demand and the high margins (41.6 per cent in 1961), characteristic of such stores. While not subject to serious competition, jewellery stores have met their threshold requirements only by the elimination of some outlets.

Sporting goods and camera stores (Figure 9:14) also display a preference for central locations. The threshold requirements, especially of the camera store, are high and the market area city-wide. The first specialised camera store to open after the War was established in 1954 in an eccentric location on Wellington Street West. Not enough business was generated at this location to support a specialised firm and the business was transferred to its present location on Queen Street in 1957.

On the other hand, dealers in motorcycles, boats, motors and snowmachines are the most peripherally located of all business types. They have appeared only in the last five years; as their merchandise is aimed at the most mobile of consumers, each is located on or close to a main route. Furthermore, peripheral locations allow space for display, servicing facilities and, in some cases, for testing of the machines; snowmachines, for example, may not be driven within residential areas a specified distance from the city centre. The business of such outlets is more strongly seasonal than that of most business types.

SUMMARY

To a certain extent, each individual business type reflects a unique response to the variables, shown in previous chapters to have influenced the pattern of retailing over time. It is possible, however, to distinguish certain responses that are common to more than one business type and which have implications for changes in retail conformations.

1. The number of retail facilities is responsive to changes in income and population as can be seen by the decline in the number of stores after 1921 and by the increase after 1945.

2. Demand changes are also effective agents of change in number. Apparel and food outlets have declined in number since 1956, while those retailing automotive products have increased.

3. Increases in labour costs and margins led to technological changes which have resulted in larger scale operations for many store types. Others, because of the nature of their products, have been unable to achieve economies of scale. The minimum level of sales required to support a store of specific order may be influenced by the nature of its organisation. Thus, the chain food store, able to achieve major economies of scale because of its organisation, requires a higher threshold and range than the independent grocery store.

4. Widening of product mix in order to increase average sales per store has led to less specialisation in some types of retailing. Specialty food, clothing and appliance stores have been affected by the rise of the supermarket and discount department store.

5. At the same time, there has been some trend toward specialisation in certain business types even at the market level of Sault Ste. Marie.

Specialised camera, fashion apparel and sporting goods stores have arisen from specialisation in lines previously handled by more general outlets. Such outlets can remain specialised only as long as demand is sufficient or sales service is considerable.

6. On balance, the forces leading to economies of scale are stronger than those leading to specialisation.

7. Increases in the scale of retailing have necessitated for many store types a wider trade area and consequently, locations accessible to the mobile consumer. The mobile consumer now has access to a new set of retail locations, for example, those of the isolated supermarkets and discount department stores, those along urban arterials and those in the planned shopping centres, none of which is centrally located. Such non-central locations are now preferred by large multi-product firms. Ratcliff's view that: "... the ultimate retail pattern is determined by the market process of competitive bidding"²³ has therefore less validity than in 1949.

8. Consequently, there have been declines in the number of stores in the central area, in older business centres and in isolated, less accessible locations. The central retail area can no longer be considered as the most uniquely accessible location in a city even of the size of Sault Ste. Marie.

9. Certain store types, notably food, show an orientation to lower socio-economic and ethnic areas in the west, while others, for example furniture, show an orientation to higher income areas in the east.

10. Despite the changing nature of the variables noted, the locations of many businesses are remarkably stable. While sales size is highly responsive to change, location is less so over the shorter term.

23 Ratcliff, Urban Land Economics, p.126.

These changes have significance also to business conformations and to the hierarchy of business types. The evolution of business conformations in Sault Ste. Marie between 1901 and 1971 will be considered in the next two chapters.

CHAPTER X

EVOLUTION OF BUSINESS DISTRICTS IN
SAULT STE.MARIE 1901 - 1971: PART I

Chapters VIII and IX examined the changes in the number and location of major types of retail businesses in the light of the causative factors discussed earlier in this study. Commercial facilities, both retail and service, are grouped together to create retail conformations which are recognisable as elements in a city-wide retail system. Some of these elements may be considered parts of a hierarchy of centres while others may be unrelated to any such hierarchy. As substantial changes in the types of stores and in their locational requirements, have taken place since 1901, it follows that business conformations will reflect these changes in their retail mix and in their place in any hierarchy of centres. It is the purpose of this chapter and the next to note and explain these changes as they have occurred for each of the business centres in Sault Ste.Marie since 1901.

THE DISTRIBUTION OF RETAIL STORES 1901 - 1971

As a first step, it is useful to review in rapid sequence the distribution of retail stores at ten year intervals between 1901 and 1971. In this way, the emergence and decline of business centres can be seen and the groundwork laid for an attempt to view these as part of an inter-related system. Figures 10:1 to 10:3 show this distribution.

1901. Figure 10:1 illustrates the emergence of Queen Street as the principal shopping street. Stores were strung out along Queen Street from Pim Street westward, becoming discontinuous on the western fringe of the built-up area at Gore Street. There is some indication of the existence along Queen Street of separate cores which exist to this day and which will be examined later in this chapter. Stores were in close proximity to the residential areas along Albert and Wellington Streets, even to the extent of being more numerous on the north side of Queen Street. This, too, holds true at the present time.

1911 (Figure 10:1). Population spread westward between 1901 and 1911 and retail stores followed. Stores became concentrated along James Street in the ethnically distinct district of the West End; the emergence of another retail centre can be seen on Wellington Street West in the separate municipality of Steelton. The number of stores along Queen Street also increased, especially in the west near Gore Street.

1921 (Figure 10:1). Population continued its westward spread and sufficient growth had occurred by 1921 for small concentrations of stores to be established on Goulais Avenue and Korah Road. An increase in isolated stores, particularly in the West End, can also be noted.

1921 - 1941 (Figure 10:2). Population growth and the city's areal spread occurred at a slow rate until after the Second World War. While individual stores were born, flourished and expired, there was little essential change in the distribution of retail stores during this period, though some slight decline in number was characteristic of the 1931 to 1941 decade.

DISTRIBUTION OF RETAIL STORES : 1901, 1911, 1921.
SAULT STE. MARIE

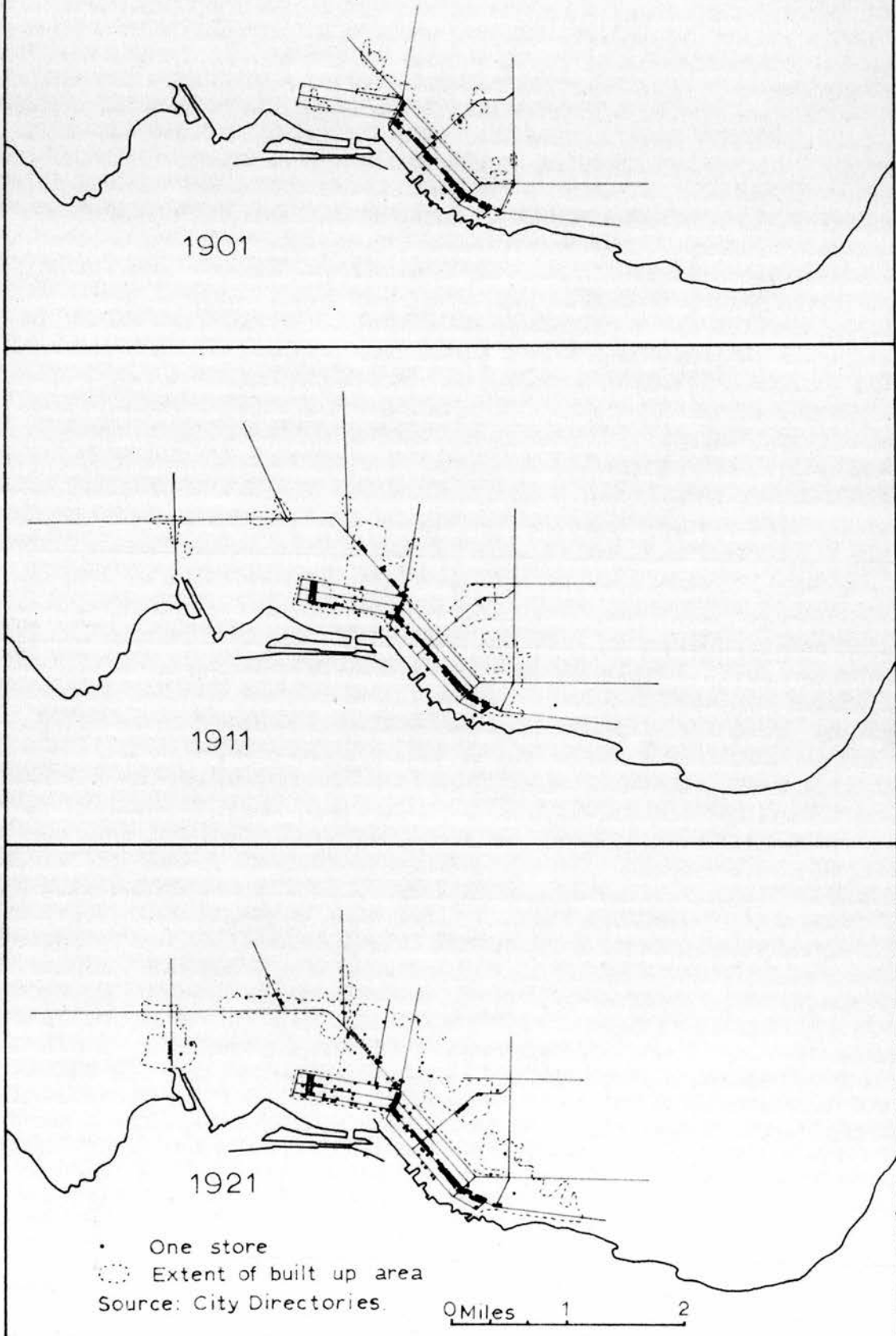


Figure 10:1

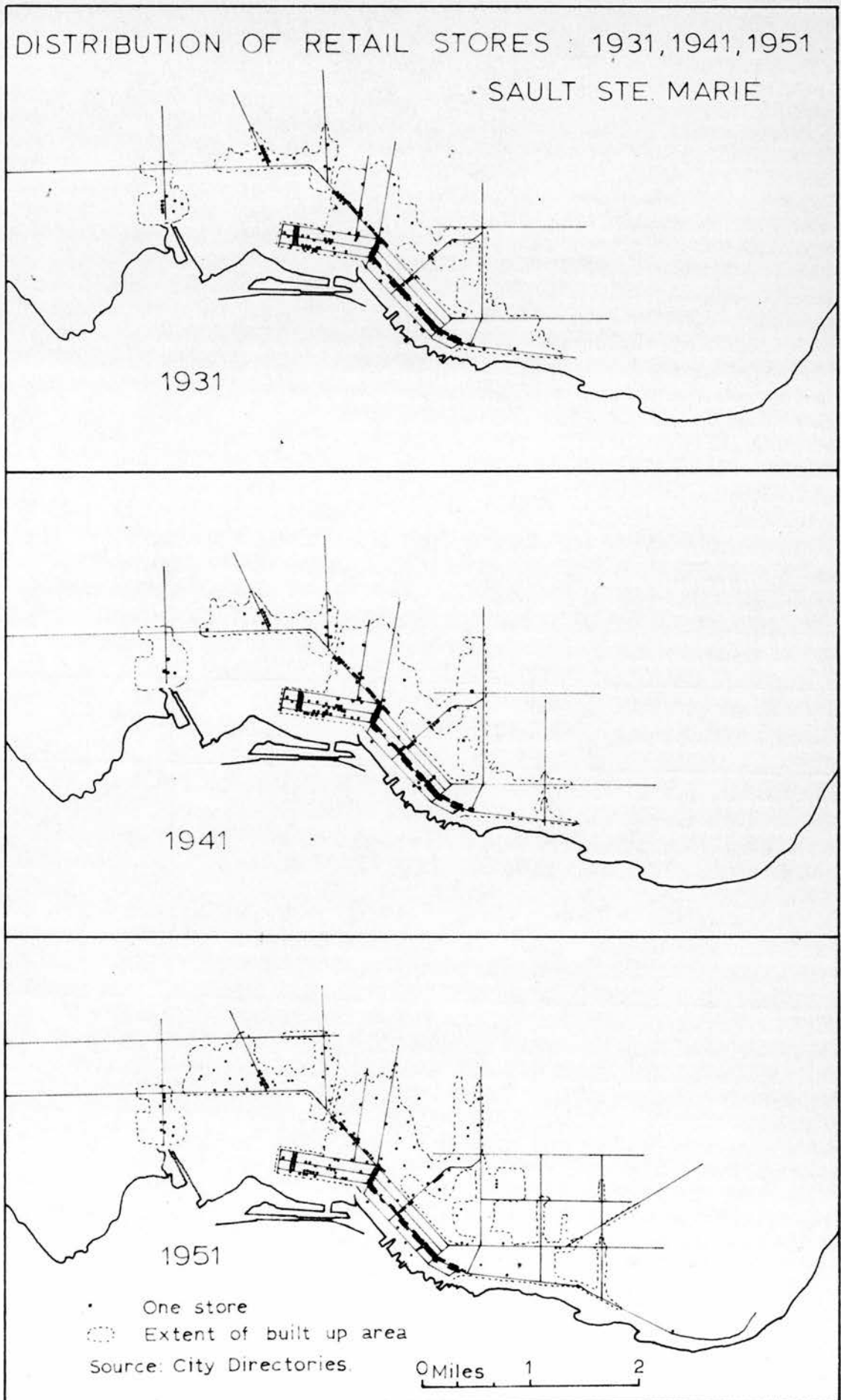


Figure 10:2

1951 (Figure 10:2). As outlined in Chapter II, the post-war period in Sault Ste. Marie was marked by rapid population growth. As new residential areas were established in the north-east and the west of the city, isolated convenience stores followed to serve their populations.

1961 (Figure 10:3). While the distribution of retail stores again showed a response to the expansion of the urban area, fundamental changes had already begun or would soon do so. In 1959, the first supermarket with adequate parking space had opened on Great Northern Road, signifying the onset of the revolution in consumer mobility (Chapter IV). In 1961, the first stores opened in the planned shopping centre of Churchill Plaza in the East End. This marked the first significant move of retail stores eastward. In 1962, the final section of Highway 17 North (the Trans-Canada Highway) would be constructed north of Sault Ste. Marie, and the road bridge to the United States would be completed. Each of these developments would vastly increase traffic into and through the city and thus end decades of semi-isolation. In 1961, however, business centres along Queen and Gore Streets in the city centre and along Goulais Avenue, James and Bruce Streets and in Steelton were still the most important components of the retail system.

1966 (Figure 10:3). Rising industrial output, population, income and mobility between 1961 and 1966 were reflected in the continued areal spread of the city and in the building of planned shopping centres. Four were established in this period: Pine Plaza, K-Mart Plaza, Market Mall and Sentry Plaza. In addition, retail outlets appeared along Highways 17 North and East. In this period, the unchallenged dominance of the city centre as the main retail area came to an end and outlying centres such as those on Goulais Avenue,

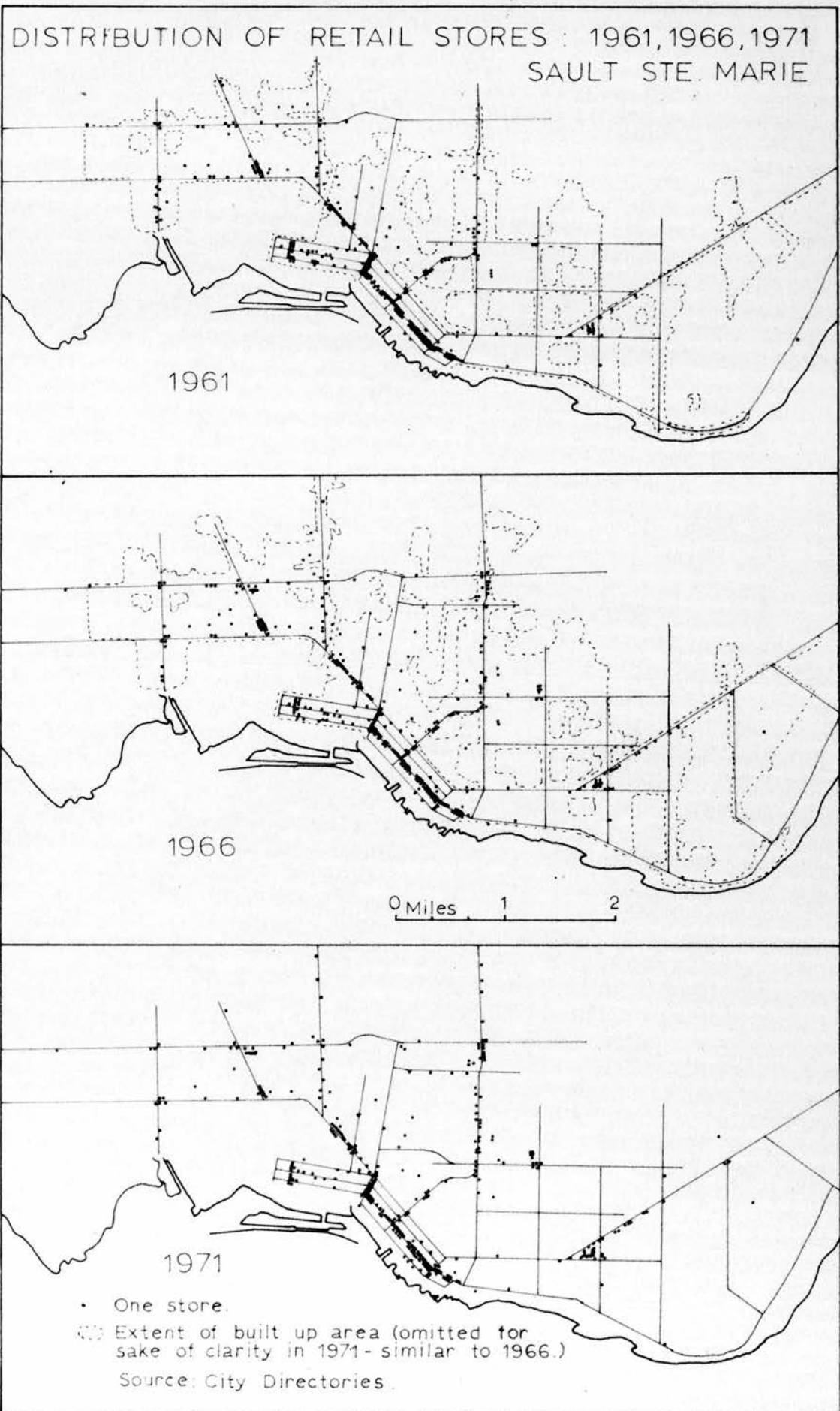


Figure 10:3

Korah Road and James Street, declined.

1971 (Figure 10:3). Major changes occurred between 1966 and 1971 in the distribution of retail stores. Outlying centres continued to decline as did the number of scattered stores, especially in the West End where population decreases were severe (Figure 3:3). Growth occurred along arterial highways and at locations associated with shopping plazas.

The present system includes, therefore, five elements: the central retail area along Queen Street, older outlying centres mainly in the west, planned centres mainly in the north and east, arterial or highway ribbons and scattered stores. Figure 10:4 shows in generalised form the location of the first four of these elements and suggests that outlying centres grew at points on concentric rings. Between 1901 and 1911, retail centres in Steelton and along James and Bruce Streets came into being, the former two areas first because the main thrust of population growth was to the west. Between 1911 and 1921, centres along Korah Road and Goulais Avenue were established, the latter being distorted westward by the presence of Algoma Steel Corporation. No centres developed to the east of the city; the eastern end of the central retail area provided retail functions for the slowly growing residential areas to the East. No further centres developed until the 1961 to 1966 period when a third ring, biased to the north and east to account for population growth in that direction, was established. This third ring is composed of the planned shopping centres. Finally, coincident with this ring, are the arterial zones whose strongest development has been since 1966. While the scale is different, these rings of centres reflect the

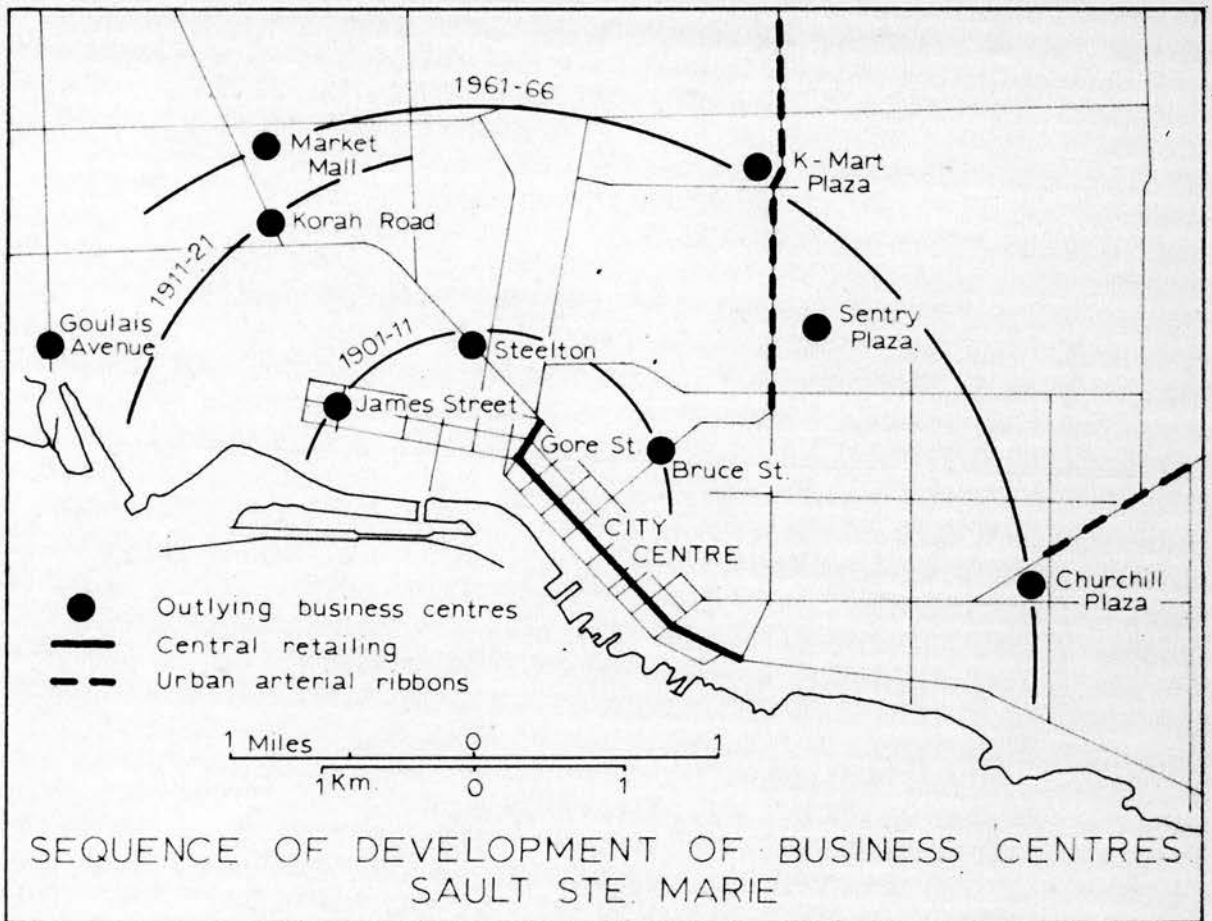


Figure 10.4

five rings of interceptor locations that Nelson identifies in Chicago.¹ Centres in these rings tend to grow and decay in a cyclical fashion and this will be considered later in this chapter and in Chapter XI.

THE HIERARCHY OF BUSINESS CENTRES

In accordance with the principles of central place theory reviewed in Chapter VIII, successive writers have identified a hierarchy of business centres within urban areas. The early classification suggested by Proudfoot,² includes the Central Business District, outlying business centres, principal business thoroughfares, neighbourhood business streets and isolated store clusters as the major components of the retail system. Undoubtedly, the most complex approach is that of Berry and Simmons³ in which a five-level hierarchy of both planned and unplanned centres is recognised, together with highway-oriented commercial ribbons, urban arterial commercial developments and specialised functional areas; all of the latter are considered to lie outside the hierarchy. A system of such complexity clearly occurs only in the largest metropolitan centres but it is worth investigating the type of hierarchy that exists in a smaller city and the degree to which it corresponds to the elements of the more complex system.

The place of a business centre in the hierarchy is dependent on the number and type of commercial activities it possesses. Empirical enquiry into the distribution of retail and service functions⁴ in Sault Ste. Marie in 1971 suggests the categorisation outlined in

1 Nelson, p.27-28.

2 Malcolm J. Proudfoot, "City Retail Structure", Economic Geography, Vol.13, 1935, p.425.

3 Simmons, The Changing Pattern of Retail Location, p.12.

4 Only a selection of retail and service functions were utilised for the discussion of the evolution of business centres; the forty-one retail functions and the twenty-four service functions represent all major types.

Table 10:1. The functions have been ranked according to their preference for locations within the highest order centre, that is, the central retail area along Queen Street. These rankings range from the functions which have over sixty per cent of their establishments along Queen Street, to those which have under fifteen per cent similarly located. Home and auto accessory, office supplies and stationery stores and tobacconists occur only along Queen Street, while only dealers in leisure equipment (boats, motorcycles and snowmachines) do not.

Use of these rankings of retail functions indicates a separation of business areas into a possible hierarchy for Sault Ste. Marie as shown in Table 10:2. As each level will be considered separately in this and the next chapter, the hierarchy as a whole will not be discussed at this point. The evolution of each of these centres will also be considered later; for the sake of comparison, however, Table 10:3 shows the hierarchy in 1951 prior to the appearance of planned shopping centres and arterial ribbons. Between 1951 and 1971, all centres lost establishments and functions, some such as Gore and James Streets to a greater extent than others. Goulais Avenue and Bruce Streets, each with only food stores remaining today, have been eliminated as major parts of the hierarchy of centres. Population and income shifts and, above all, an increase in consumer mobility lie at the root of these changes.

The remainder of this chapter will be devoted to an analysis of the evolution and present retail structure of the city centre while the following chapter will discuss the same aspects of the remaining elements of the retail pattern.

TABLE 10:1

RANKING OF RETAIL AND SERVICE FUNCTIONS

SAULT STE. MARIE 1971

Preference for location in highest order centre -
Queen Street East between Gore and Pilgrim Streets

High	Proportion of Establishments located along Queen Street				Low
	Retail Functions ^a	Over 60 per cent	45-59.9 per cent	15-44.9 per cent	Under 15 per cent
	Variety Store		Clothing	Hardware	Leisure Equipment ^c
	Home and Automobile Accessories ^b		Furniture	Appliances and T.V.	Automobile Sales
	Specialised Clothing		Home Furnishings	Drugstore	Service Stations
	Jewellery		Shoes	Discount Department	Food
	Sporting Goods		Dry Goods	Store	
	Cameras				
	Office Supplies and Stationery ^b				
	Florist				
	Tobacconist and News Dealer ^b				
	Service Functions				
	Financial Services ^b	Bank		Barber Shop	Laundry
	Real Estate and Insurance	Restaurant		Billiards and Bowling	Dry Cleaner
	Legal Services ^b	Beauty Salon			Automobile Repair
	Government	Hotel			Education
	Utilities and Communications				Religion
	Entertainment ^b				Motel
	Travel Agency				Drive-in Restaurant

^a The 1966 Census recognised in Sault Ste. Marie 50 retail functions with more than one store type.

^b Occur only along, or adjacent to, Queen Street.

^c Do not occur along, or adjacent to, Queen Street.

TABLE 10:2

HIERARCHY OF BUSINESS CENTRES
SAULT STE. MARIE: 1971

Location	Number of Establishments (E) and Types (T)		Characteristic Types
	Retail	Service	
Queen Street East	95E 32T	118E 19T (see Table 10:1)	All major retail and service functions (see Table 10:1).
Churchill Plaza	22E 17T	11E 9T	Supermarket, variety, clothing, shoe, hardware, drug and jewellery stores.
Steelton	24E 17T	16E 11T	Food, service station and auto- mobile sales, clothing, shoe, hardware, home furnishings and drug stores.
<hr/>			
James Street	1972 14E (8E) 9T (5T)	8E 7T	Food, clothing, shoe, furniture and hardware stores.
Gore Street	10E 8T	24E 15T	Service station, food, drug, house- hold appliances, T.V. and radio stores.
Korah Road	6E 5T	9E 8T	Food, service stations, hardware and shoe stores.
Pine Plaza	5E 5T	3E 3T	Supermarket, clothing and drug store.
<hr/>			
Bruce Street, Goulais Avenue			Food stores only.

Outside Hierarchy:-

Market Mall, Sentry and K-Mart Plazas centred on discount department stores.

Highway Arterial Ribbons

Characterised by automobile sales, service stations, motels and drive-in restaurants.

Scattered Stores

Service stations, food stores, building material dealers.

TABLE 10:3

HIERARCHY OF BUSINESS CENTRES
SAULT STE. MARIE: 1951

Location	Number of Retail Establishments (E) and Types (T)
Queen Street East	127E 36T
Steelton	31E 18T
Gore Street	28E 17T
James Street	21E 10T
Korah Road	11E 9T
Bruce Street	9E 6T
Goulais Avenue	8E 5T

Outside Hierarchy:-

Scattered Stores

THE CITY CENTRE

No unanimous agreement exists either on the precise functions to be included within what is termed the City Centre, the Central Area or Central Business District, or on the methods of delimiting its area. Retail and service functions (such as those concerned with financial, business, legal and entertainment services) and office activities are commonly considered part of the central functions though institutional, residential, manufacturing and wholesale activities are often excluded. Murphy and Vance state that:

... various types of land use, though found in the CBD, were considered not to represent real central business uses. Wholesaling is one of these Even more obviously, factories and residential units (Private dwellings, apartment houses, and rooming houses) though represented in the CBD are not characteristic uses. Absence of the normal profit motive excludes from the characteristic CBD list municipal and other governmental buildings and parks, churches and other religious establishments ...⁵

No attempt will be made to define the extent of the city centre of Sault Ste. Marie; the linearity of the main shopping street, Queen Street East, and the limited spread of retail activities away from this street, make it comparatively simple to delimit the area within which retailing is concentrated.

Present Land Use. The Sault Ste. Marie and Area Planning Board recognises as the City Centre, the area from Pim Street in the east to Gore Street in the west, a distance of 1.2 miles, and from the Canadian Pacific Railway line in the north to the waterfront.

5 Raymond E. Murphy and James E. Vance, "Delimiting the CBD", Economic Geography Vol.30, July, 1954, p.203.

Despite the inclusion within this area of what Murphy and Vance consider to be non-central uses, the above delimitation is useful in that data are available on land use, number of establishments and floor area in the twenty-four traffic zones into which it is divided. These data were collected by the Planning Board in 1970 as part of a planned Urban Transportation Study.⁶

Figure 10:5 shows the land use within this area in 1970, while Figure 10:6 shows designated land uses by traffic zone as a proportion of land area devoted to non-residential land use. Non-residential and, in particular, retail land uses are concentrated in zones with frontage on Queen Street. A strong gradient in land use intensity exists north and south of Queen Street; to the north much residential use persists along Albert and Wellington Streets, while to the south manufacturing, transport and bulk storage facilities are concentrated along the waterfront (Chapter II). Further, floor area devoted to the designated uses increases as one moves eastward along Queen Street as far as East Street; this is true even if one takes into account the differing areas of the traffic zones. However, as the consistency of this trend is broken at a number of points, land use will be described briefly by groups of traffic zones.

Traffic Zones 1 to 4 include the area between Gore and Dennis Streets. In Traffic Zones 2 and 3, over fifty per cent of the total floor space is devoted to retailing but total floor space is not large (109,600 square feet). Further, because there is relatively little competition among land users, the dominant retail

6 Sault Ste. Marie and Area Planning Board, Urban Transportation Study, City Centre Data, (Mimeographed, 1971), Appendix B.

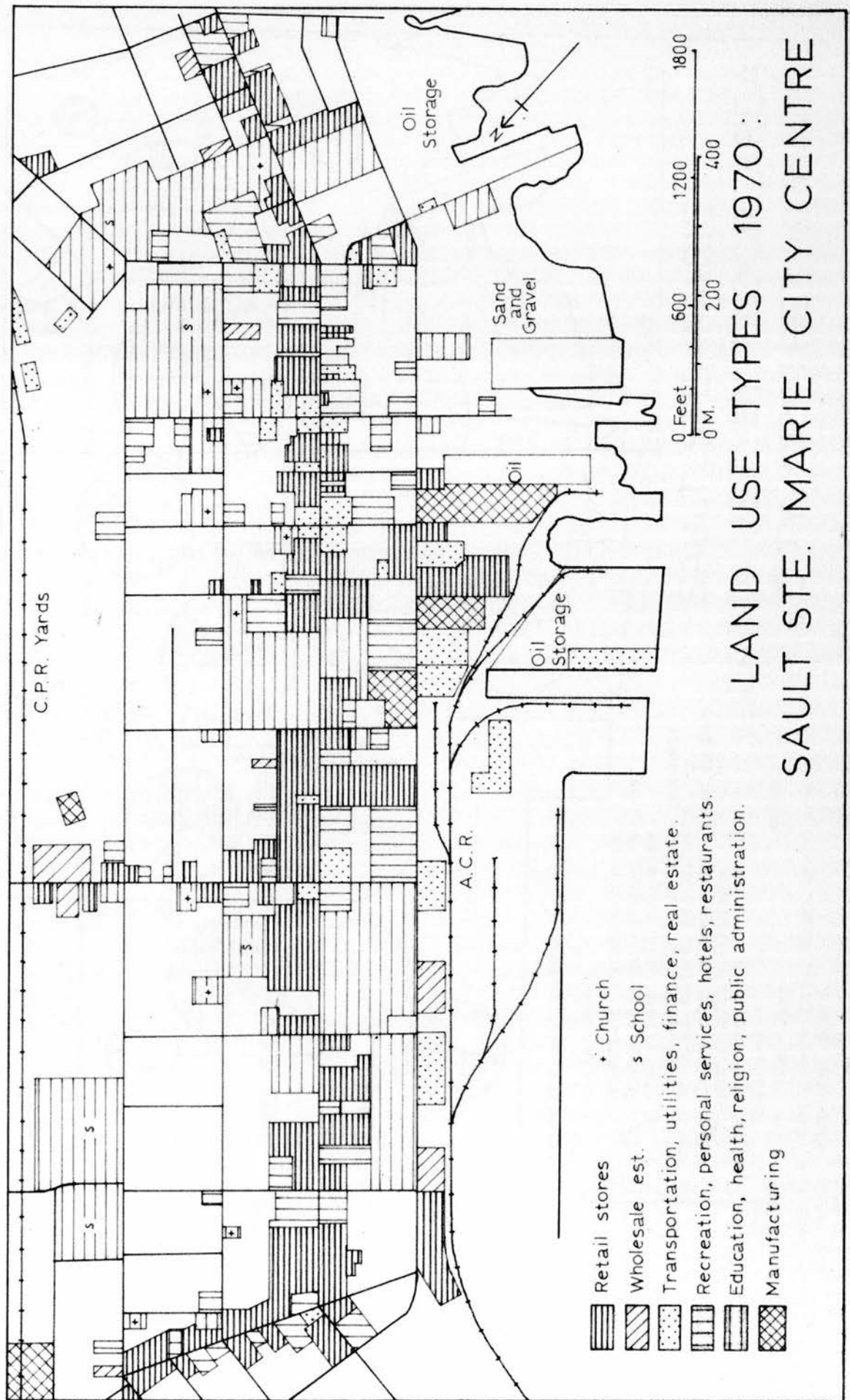


Figure 10:5

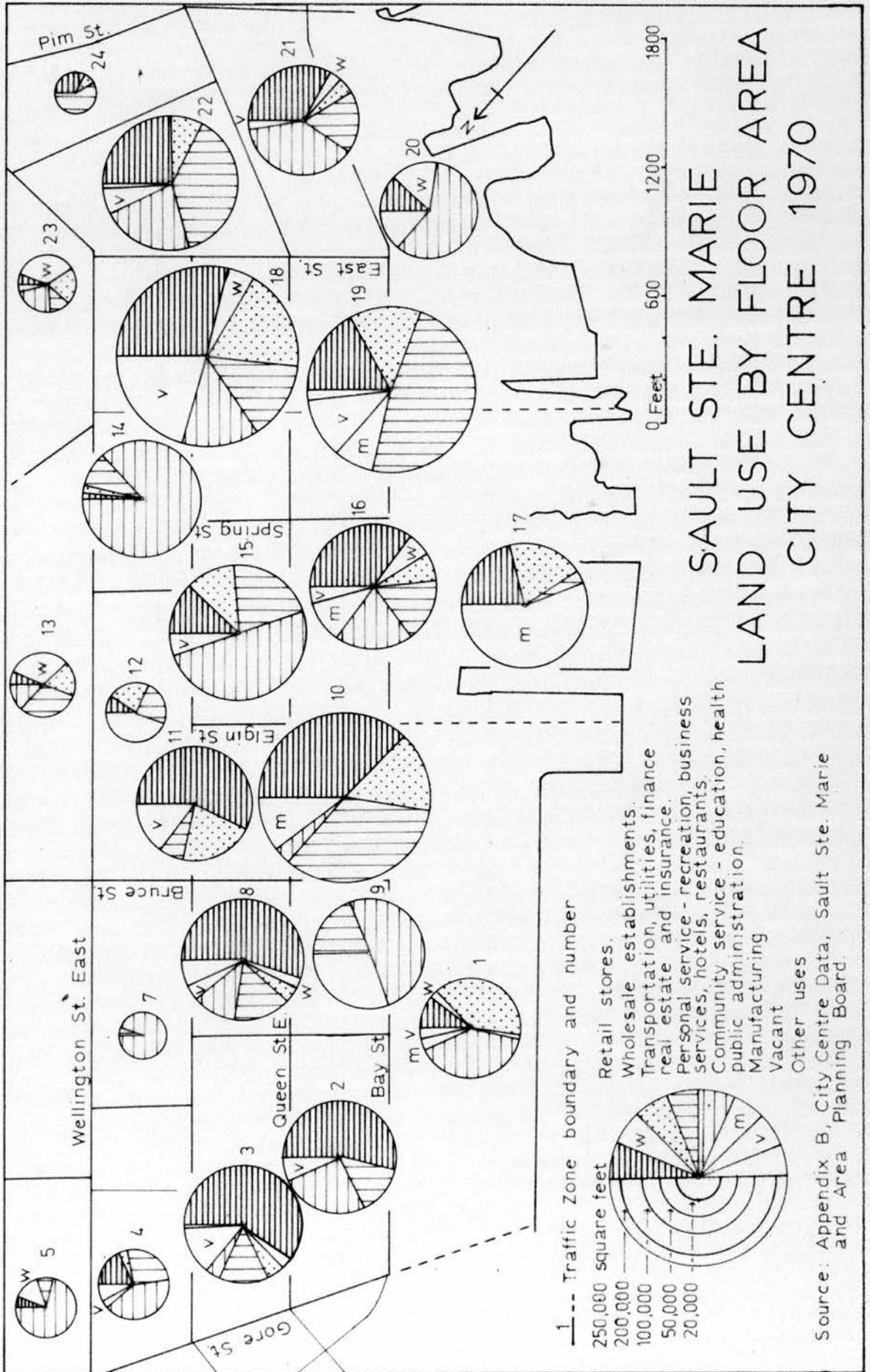


Figure 10.6

types are ones that require large floor areas such as food stores (two supermarkets), automobile uses, hardware and furniture stores (Plate 10:1). In general, this zone is weakly developed with large areas vacant or utilised at low levels of intensity (Plate 10:2).

Traffic Zones 8 to 11 include the section from Dennis to Elgin Streets whose focus is on the Bruce and Queen intersection. In these four zones, there are over 358,000 square feet of designated land uses of which 206,000 square feet, approximately one-third of the city centre total, are retail. One of the four zones (Traffic Zone 9), largely occupied by the Memorial Gardens (the hockey arena), contains no retail floor space. Retailing in this district includes a discount department store, Woolco, and a branch of Simpson-Sears Ltd. which, however, does not include a full line of department store merchandise (Plate 10:3). Hardware, home furnishings and apparel groups are well represented also (Plate 10:4). Non-retail uses include the Memorial Gardens already referred to, three hotels and the offices of the city's daily newspaper.

Retail areas in Traffic Zones 15 and 16 are separated from those of the preceding area by the presence between Elgin and March Streets of the Federal Building (Post Office and Customs, Immigration and R.C.M.P. offices), the Court House and the Land Registry Office. These occupy 100,900 square feet. Though the present Court House dates only from 1921, the original building was constructed on this site in 1866; the Court House has always interrupted the continuity of business activities along Queen Street (Plate 10:5). The March and Queen Street intersection is dominated by Walkers Ltd., the site of the original department store; between March and Spring Streets, apparel stores have tended to cluster (Chapter IX).



Plate 10:1

Queen Street East at Core Street.

Furniture and hardware stores concentrate at the western end of Queen Street East.



Plate 10:2

Queen Street East between Dennis and Tancred Streets.

Central uses are weakly developed in this section; a glass merchant, laundry and automobile uses are evident.



Plate 10:3

South side of Queen Street East
between Bruce and Elgin Streets.

The Simpson-Sears and Woolco department
stores are prominent in this block.



Plate 10:4

North side of Queen Street East
between Dennis and Bruce Streets.

Large furniture and apparel stores are
characteristic of this block.



Plate 10:5

North side of Queen Street East
between Elgin and March Streets.

The Court House and Land Titles office dominate
this block and interrupt retail uses.



Plate 10:6

The intersection of Brock and Queen Street East.

The nine-storey Windsor Hotel occupies the south-east corner.

Traffic Zones 18 and 19 between Spring and East Streets contain 113,700 square feet of retail floor space, one-fifth of the city centre total. Nearly 75,000 square feet lay idle in 1970, however, partly because of the vacancy of premises previously occupied by two variety stores; both were reoccupied by 1972 though not by retail uses. Within this section of the city centre, three banks and the nine-storey Windsor Hotel occupy the corner lots at the Brock and Queen Street intersection (Plates 10:6, 10:7). This section also includes three of the city's four cinemas, and nine restaurants.

In the final section of Queen Street (Traffic Zones 21, 22 and 24), the area of designated uses decreases. Retail uses peter out rapidly eastward along Queen Street; the predominant types are automobile and food outlets (Plate 10:8). Much of this area, somewhat peripheral to the main area of retail development, is occupied by institutional buildings, such as the City Hall, which date from the beginning of the century.

Totals for the city centre show that the largest proportion, 28.2 per cent, of the floor space is devoted to tax-exempt activities, that is, education, religion and government. Retail uses (24.7 per cent), services (18.9 per cent) and offices (11.4 per cent) occupy most of the remaining floor space. Traffic Zone figures show a total of 624,000 square feet of retail floor space in the city centre.⁷

⁷ This figure does not conform to that of 728,500 square feet estimated in the City Centre Study by Murray V. Jones and Associates Ltd. and no explanation exists for the discrepancy. Traffic Zone figures are more likely to be correct having been obtained from field study while the estimates used in the City Centre Study were obtained from the Regional Assessment Office of the Department of Municipal Affairs. The latter will include in floor area the space devoted to parking and other non-building uses.



Plate 10:7

The intersection of Brock and Queen Street East.

The north-east corner is occupied by a bank; next door is the vacant Woolworth's store. Other uses include variety and clothing stores, a cinema, restaurants and government offices.



Plate 10:8

South side of Queen Street East between
East and Pim Streets.

In this block is the sole major automobile dealer in the city centre, and the offices of the City Administration.

The higher Jones estimate of 728,500 square feet represents 45.6 per cent of the total retail floor space in the city, that is, 1,598,500 square feet. This study suggests that the city centre still dominates the city in terms of other land uses as it contains 51.9 per cent of the floor space devoted to personal service, hotels and restaurants and 76.1 per cent of the office space.

Retail Types in the City Centre. Table 10:4 shows the relation between floor space and sales in the city centre and in the rest of the city; data are derived from the City Centre Study. Compared with a 45.6 per cent share of total city retail floor space, the city centre is under-represented in terms of food stores (23.2 per cent) and over-represented in terms of hardware and home furnishings (73.8 per cent). Some element of doubt must remain about the accuracy of the Jones statistics.⁸ Though this study will be referred to from time to time, it is well to recognise potential inaccuracies in its data. Table 10:4 suggests, however, that the strength of the city centre depends primarily on stores handling apparel and accessories, furniture and jewellery, cameras, office equipment and stationery, some of which would be included in the "other retail stores" group. This conclusion accords with the list of retail stores given in Table 10:1 as characteristic of the city centre. Reynolds points out: "It is common knowledge that American CBD's specialize in certain types of stores, most notably

8 As noted earlier, the Jones estimate of city centre retail space is 17 per cent above Traffic Zone figures; the estimates of food, automobile and hardware and home furnishings floor space in the city centre are 30.0, 32.5 and 52.0 per cent above Traffic Zone data. Sales data are also suspect in this study as arbitrary values of sales per square foot are applied and the assumption is made that sales per square foot in the city centre are equal to (in the case of food) or higher than those elsewhere in the city. No firm conclusions can be founded on this data.

TABLE 10:4

RETAIL SALES AND FLOOR SPACE BY KIND OF BUSINESS AND LOCATION
SAULT STE. MARIE 1970

<u>Business</u>	<u>City Centre</u>	<u>Shopping Centres^a</u>	<u>Rest of City</u>
	(Sales as percentage of total)		
Food	23.3	30.2	46.5
General Merchandise	45.7	46.7	7.6
Apparel and Accessories	59.5 ^b	29.7	10.8
Hardware and Home Furnishings	83.4	3.7	12.9
Sub-total	57.7	32.6	19.7
Other Retail Stores	74.0	10.5	15.5
Automotive	46.9	1.0	52.1
Total	46.2	20.4	33.4
	(Floor space as percentage of total)		
Food	23.2	30.2	46.6
General Merchandise	41.9	46.7	11.4
Apparel and Accessories	52.3	29.7	18.0
Hardware and Home Furnishings	73.8	3.7	22.5
Sub-total	51.5	32.6	15.9
Other Retail Stores	58.8	9.2	32.0
Automotive	46.9	1.8	51.3
Total	45.6	22.3	32.1

^a Sales per square foot as estimated for city centre.

^b This estimate is unlikely to be correct. In 1971 only eight of twenty-one hardware and furniture stores were in the city centre.

Source: Murray V. Jones and Associates Ltd., City Centre Study: Progress Report No.2., Table 1, p.5, Table 2, p.6, Table 3, p.11.

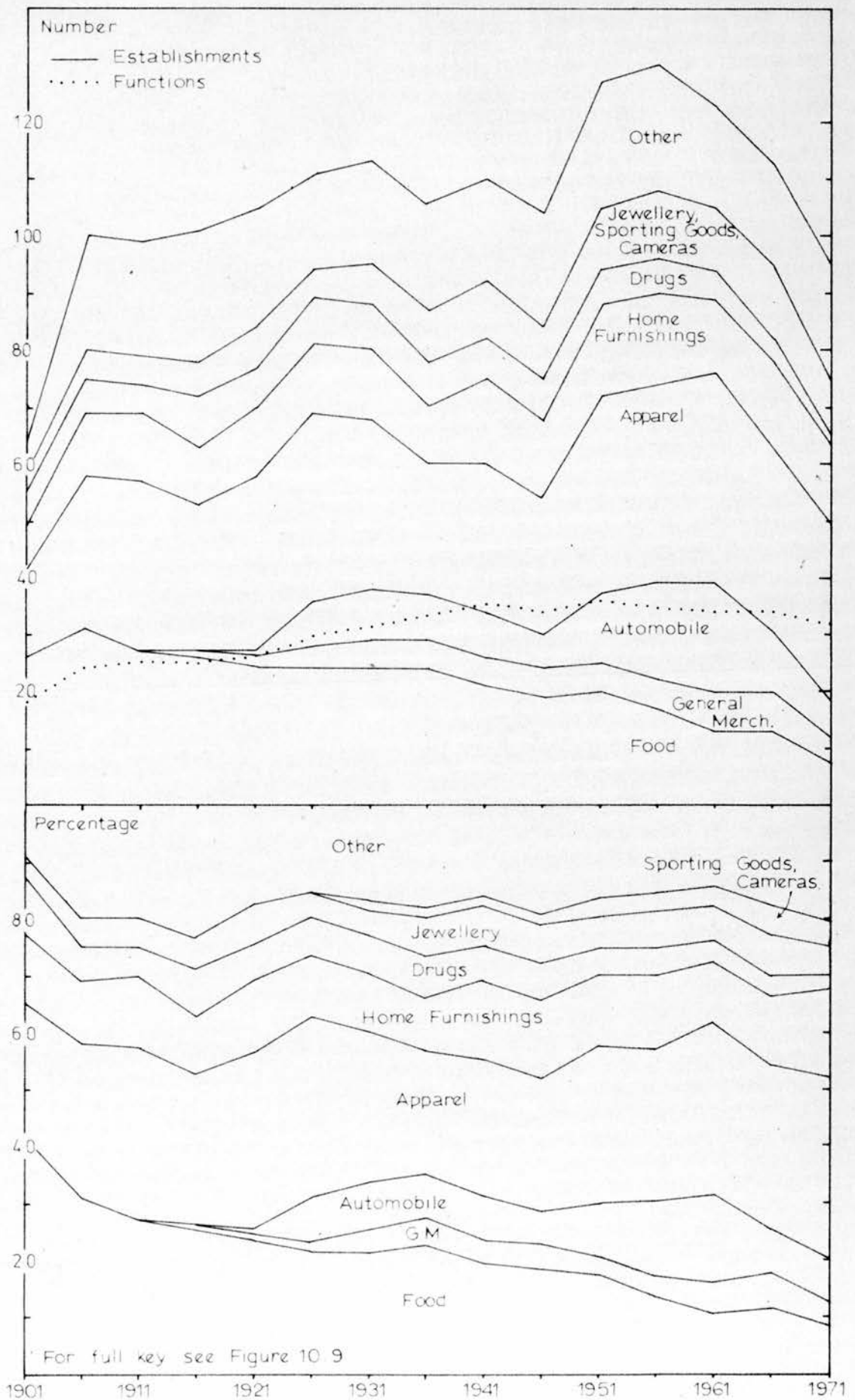
department and clothing stores. It is also well known that food stores and service stations are not characteristic of large city CBD's",⁹ though he also comments that retail specialisation will be less in small cities "... since the smaller cities often have substantial sales by food stores and automobile dealers in their CBD's".¹⁰

Further confirmation of the types of retailing characteristic of the city centre is provided in Figure 10:7 which shows retail types with frontage on Queen Street from 1901 to 1971. The total number of establishments had grown rapidly to 1906 but grew only slowly up to 1931 as outlying business centres developed in the west. The decline in the number of establishments between 1931 and 1946 is related to financial difficulties experienced during the Depression and the War; the number of retail types continued to increase during this period. The post-war growth of population and income is reflected in the rise of the number of establishments to a peak in 1956; since then, there has been a dramatic fall in the number of retail establishments as a result of the spread of suburban shopping centres. Prior to 1901, the city centre was in the process of what Vance calls "inception"¹¹ and was relatively unspecialised and unstructured. Food outlets accounted for 41.4 per cent of the total number of establishments; the unspecialised clothing stores accounted for a further 23.8 per cent. Five store

9 Robert Reynolds, "Retail Specialization of Central Business Districts", Journal of the American Institute of Planners, Vol. XXVI, November 1960, p.313.

10 Ibid., p.314.

11 James E. Vance, "Focus on Downtown", Community Planning Review, Summer 1966, Ottawa, from Larry S. Bourne (Ed.) Internal Structure of the City: Readings on Space and Environment, (New York, Oxford University Press, 1971), p.114.



RETAIL TYPES ALONG QUEEN STREET 1901-1971

Figure 10.7

groups accounted for over 90 per cent of the total. Between 1921 and approximately 1951, the city centre tended to become more specialised in its retail types whose number rose from 18 in 1901 to 36 in 1951. Food stores declined to 8.4 per cent of the total establishments, for example. The appearance of variety stores by 1916, automobile uses and household appliances by 1921, sporting goods by 1931, radio and television by 1951, children's wear by 1956 and cameras by 1961, all combined to increase the city centre's move toward specialisation. It is this trend that Vance refers to as "the process of exclusion" during which the establishment of a rent gradient operates so "... that the location of activities tends to be primarily determined by the rent-paying ability of the function. Similar activities tend to have similar abilities at rent-paying, so the high rent area of the city tends to become ever more exclusive in its content".¹² Though no rent values are available for the city centre, there is evidence of segregation of retail uses as specialisation continues and this will be considered later. Since 1956, the decline in the number of retail establishments has created vacant premises which are frequently re-occupied by non-retail uses such as restaurants, offices, and health studios (Plate 10:9). Rent levels since 1956 have probably become less significant as a controlling influence on retail location in the city centre as there is clearly little competition for space. Traffic Zone statistics for 1970 show that 143,000 square feet, or 5.6 per cent of the total floor space in the city centre, was vacant. Part of the decline in establishments is the result of the loss of some retail types to non-central locations; variety stores, food stores, automobile sales, service stations and drugstores are examples. The remainder is the

12 Ibid.



Plate 10:9

South side of Queen Street East at East Street. Restaurants, billiard parlours, health studios and beauty salons have occupied what were previously retail premises. The Brock and Queen Street intersection is only one block west.

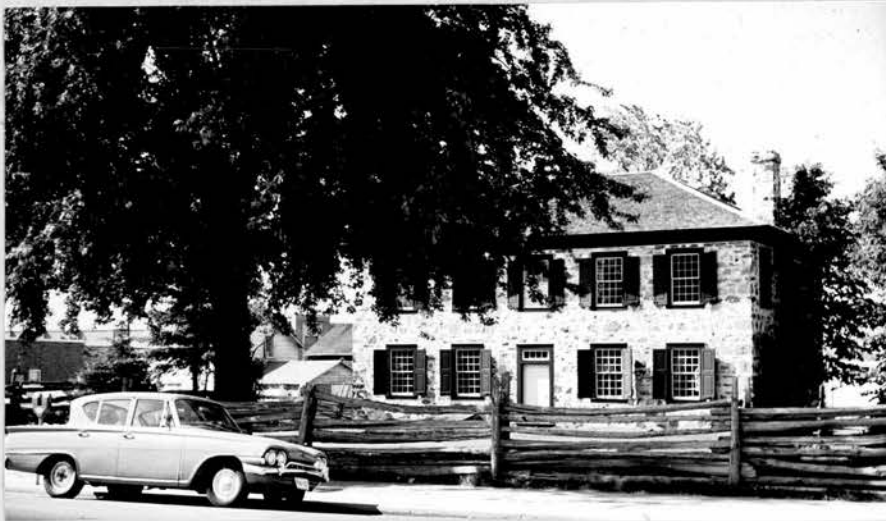


Plate 10:10

The 'Old Stone House'.
Now preserved as a historic site, this house, built in 1814, is the oldest building in the city.

result of the elimination of certain business types from the retail mix as economies of large-scale operation reduce the degree of specialisation. Lingerie stores had disappeared by 1956, household appliances by 1961 and millinery and children's wear by 1966. Vance refers to this as the "process of replication and readjustment"¹³ and comments that:

Conditions vary among cities, though certain situations are common. The abandonment of movie theatres, of downtown auto showrooms, of centrally-located food stores, of older rental offices of large corporations and of central hardware and furniture stores is widespread. The cause of abandonment may differ but the effect on the downtown is similar and the result not of secular economic change but quite rapid development of new facilities in outlying areas.¹⁴

While a hierarchy of business centres still exists despite the decline of functions within each centre, retailing is being concentrated more and more in locations outside the hierarchical model and the concept of the city centre as the zone of maximum accessibility and therefore of supreme importance, at least in retailing, is no longer entirely valid. It is increasingly true that higher order functions requiring large trade areas do not choose central locations. Discount department stores, auto dealers and furniture stores are among the retail types that provide evidence of this fact. It remains to be seen whether the city's programme of redevelopment for the waterfront and the city centre will have the effect of slowing or even reversing the decline experienced by the city centre.

Attention has been drawn to the linear nature of the main shopping street and to the possibility that it evolved from the coalescence of a number of cores. If this was the case, then the retail area along Queen Street can be viewed as a number of individual units with

¹³ Ibid., p.116

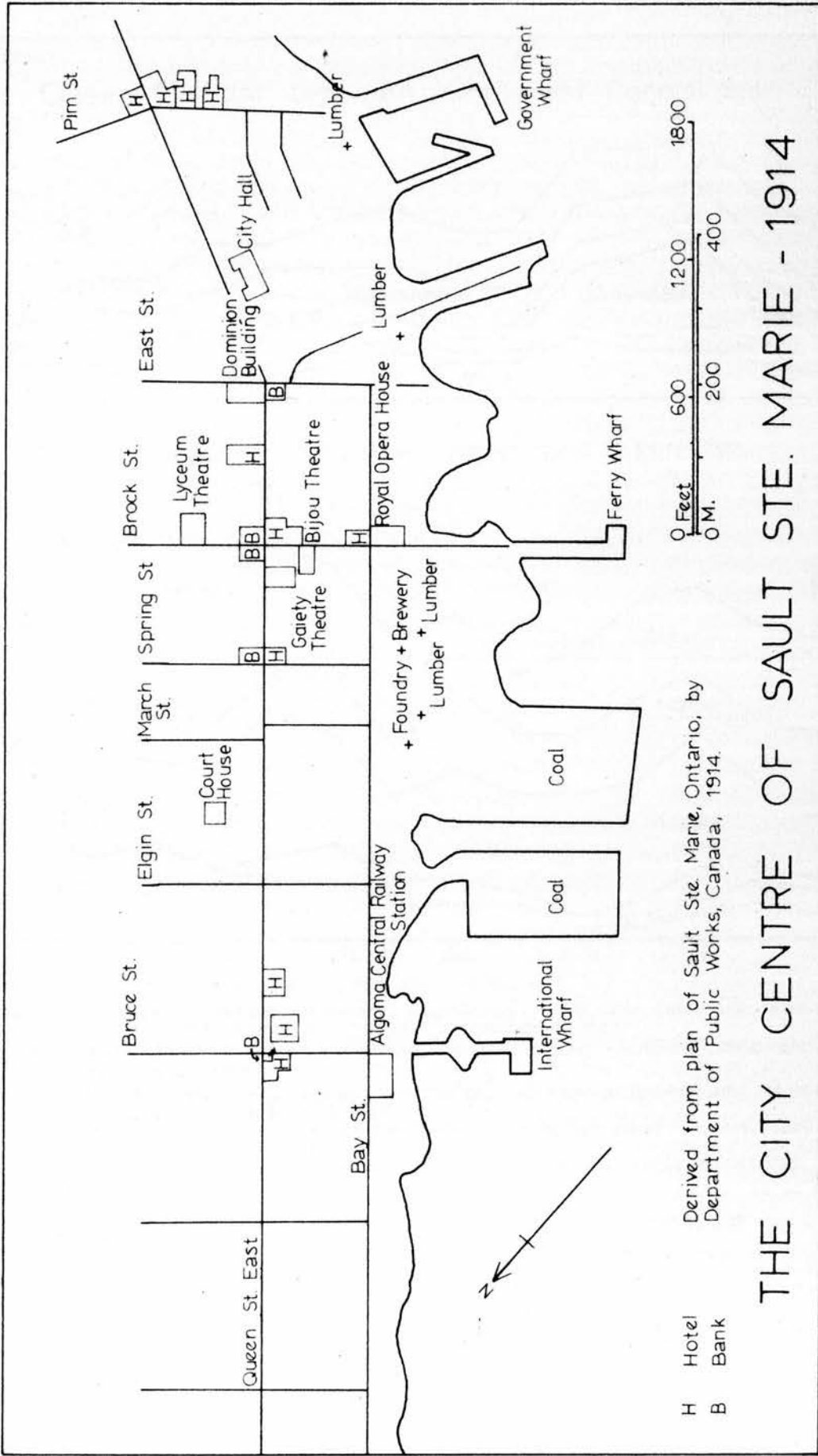
¹⁴ Ibid., p.117.

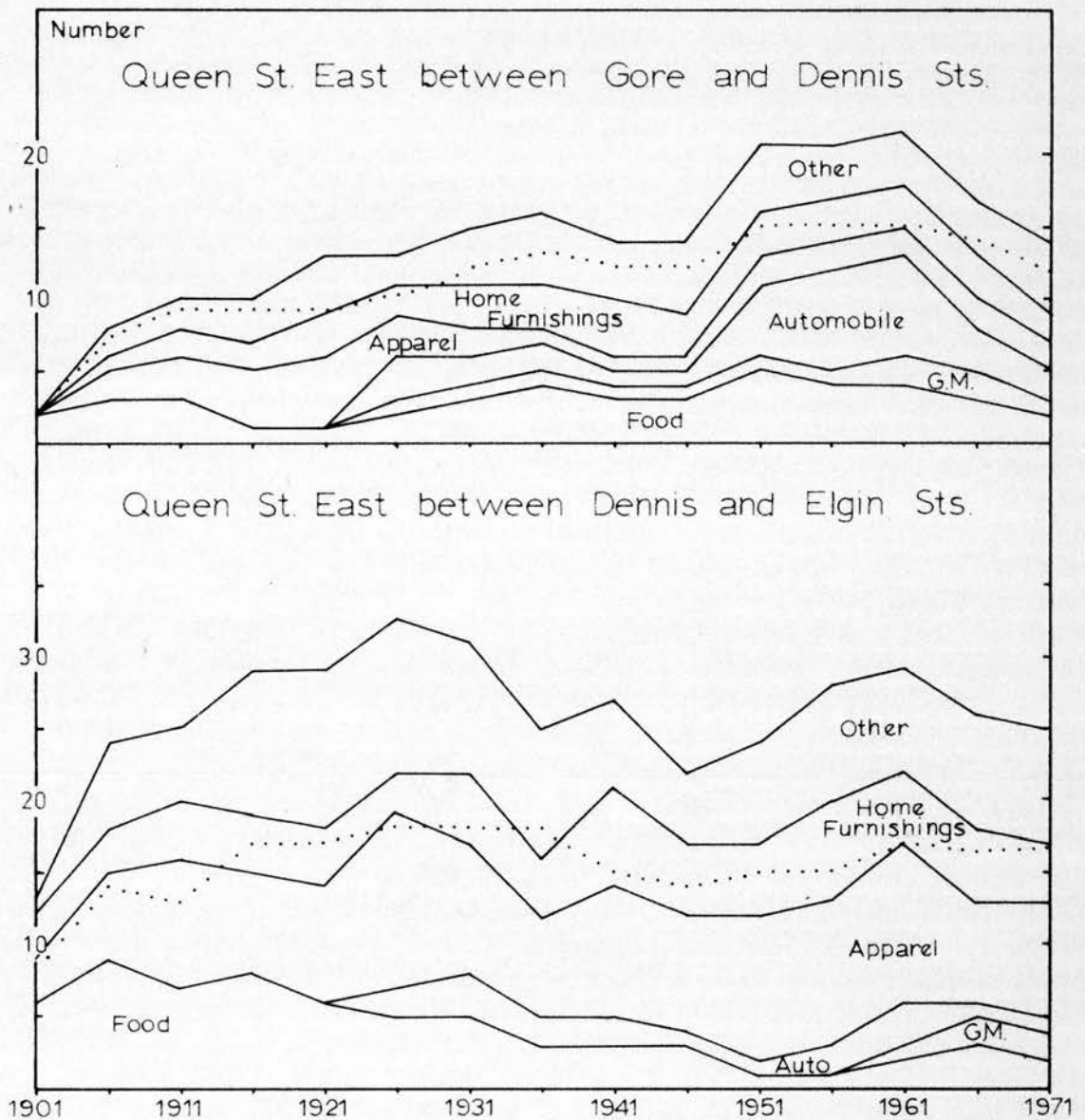
the differing retail characteristics referred to on pp310-316.

This viewpoint will now be examined.

Evolution of Core Areas on Queen Street East. As pointed out in Chapter I, the earliest settlement in Sault Ste. Marie was located at the foot of the rapids though the town proper grew from a nucleus established two miles further east. Vidal's map of the town of St. Mary's in 1846 shows scattered settlement between what are now East and Pim Streets. The oldest house in the city, the Old Stone House built in 1814, is located in this section (Plate 10:10). Until the 1880s, the dock at the foot of Pim Street, now known as the Government Dock (Figure 10:8), was the principal steamer dock and it, together with the location of four hotels on Pim Street, confirms the existence of the earliest core between East and Pim Streets. Eventually, the establishment of docks further west had the effect of creating core areas in that direction. Figure 10:8 suggests that two cores existed in 1914: one at Queen and Bruce and the other at Queen and Brock Streets. The former location was close to the International Wharf, the main steamer wharf at that time, and to the Algoma Central Railway station. A bank and three hotels, one the four-storey International Hotel built in 1888, were located at this intersection. The Queen and Brock intersection was close to the ferry dock which was used until 1962. Four banks, four hotels, four theatres (including the Royal Opera House) and miscellaneous industrial establishments were close to the intersection. These two intersections, separated by the Elgin to March block containing the Court House and present Federal building, have retained their primacy to the present time.

Figures 10:9 and 10:10 show the number and types of establishments for two-block sections along Queen Street East from Gore to Pim Streets.





Key for this figure and for Figures 10:7, 10:10, 11:1, 11:2,

Home Furnishings: Furniture, Hardware, Appliances, Radio and television, Paint, Wallpaper and house furnishings stores.

Apparel: Mens', Ladies', Children's, Family and specialised clothing, Shoe and Dry Goods stores.

Automobile: New and used automobile sales, Service stations and Home and auto supply stores.

General Merchandise (G.M.): Department, Discount department and Variety stores.

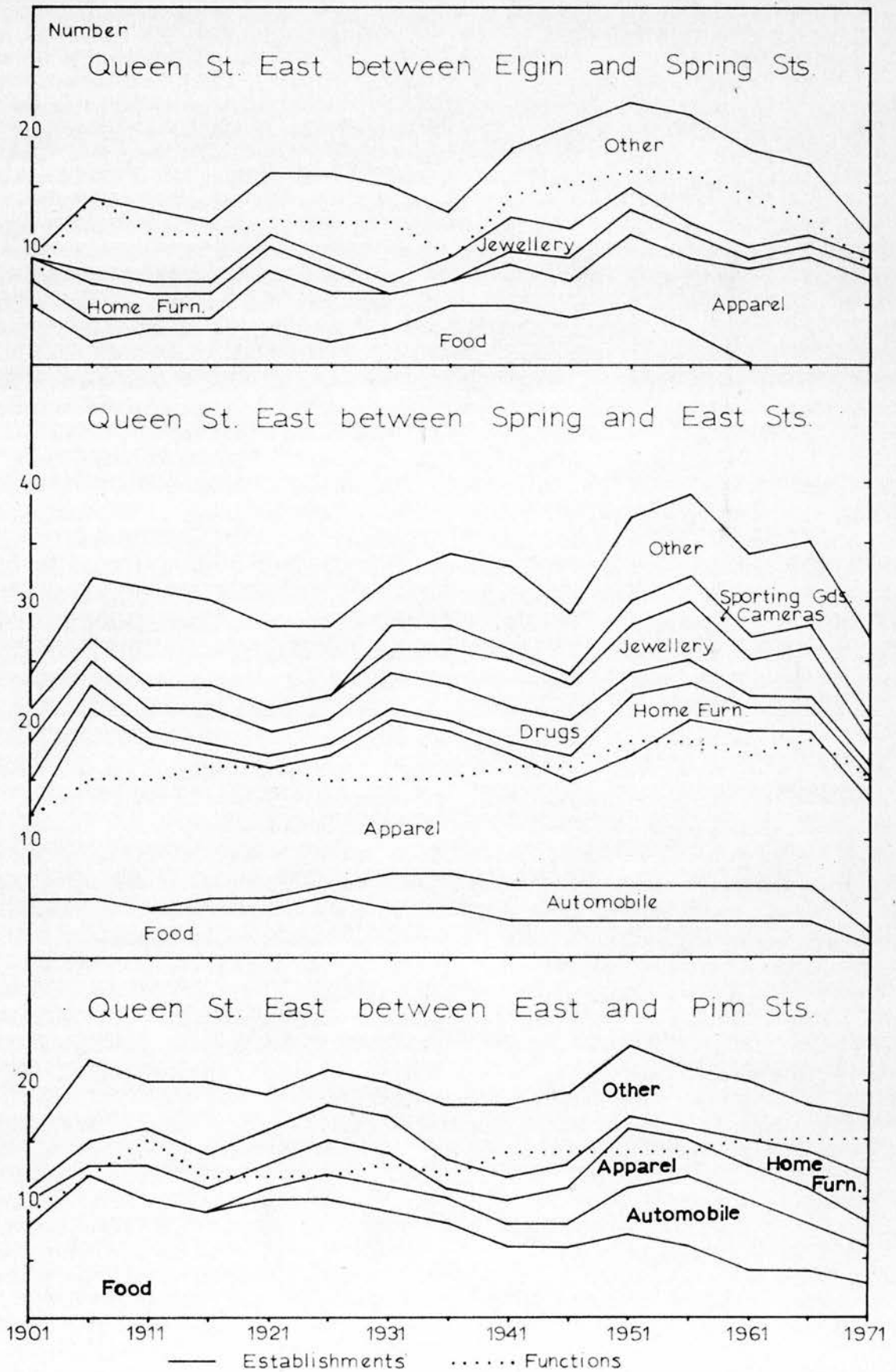
Food: Bakeries, Meat markets, General, Confectionery and Grocery stores.

Other: All other stores not specified elsewhere.

Source: City Directories. — Establishments Functions

RETAIL TYPES ALONG SECTIONS OF QUEEN ST. E.
1901-1971

Figure 10:9



RETAIL TYPES ALONG SECTIONS OF QUEEN ST.
1901-1971

Figure 10:10

Gore Street itself will be included in the discussion on outlying business centres. In 1901, the Spring to East Streets section had the largest number of establishments and the greatest variety of types. Food stores were already less important than in the other sections and clothing, furniture, hardware, drug and jewellery stores were all represented. Food stores were the only stores in the most westerly section (Gore to Dennis Street) and on Gore Street. By 1906, the number of establishments had reached a temporary maximum in the easterly sections; as population expanded westward, served by the street-car line which opened in 1902, retail development took place progressively westward, in a movement analogous to an advancing wave. Maximum number of establishments was reached in the Elgin to Spring section in 1921, in the Dennis to Elgin in 1926, in the Gore to Dennis in 1936 and on Gore Street in 1931. While a widening of the range of functions occurred in all zones in the first thirty years of this century, the sections outside the two cores made the least progress. Food retailing from East to Pilgrim, for example, remained a major part of the retail mix until 1951. The lack of any development of outlying business centres in the east prior to 1961 perhaps accounts for this.

Primacy as a retail area had shifted to the Dennis to Elgin section by 1921 but had shifted back to the Spring to East section by 1931, as the latter added new functions such as variety stores and sporting goods. All sections were affected to some extent by the Depression and all benefited by the post-war population growth. All sections have similarly lost functions and establishments since retailing has become more suburban in location, though the dates of the onset of their declines differ. The two cores resisted the decline until 1956

and 1961; the remaining zones, except the Gore to Dennis section with its concentration of auto uses, declined after 1951. The older core areas therefore have experienced the least decline; 1971 store numbers fell to 86.2 per cent of the peak level in the Dennis to Elgin section, 69.4 per cent in the Spring to East and 72.9 per cent in the East to Pim. The location of Woolco between Bruce and Elgin Streets has apparently had little detrimental effect on retailing in this section. Clearly, the generative power of this store has assisted nearby stores whether competitive or complementary. This fact suggests that it is not the presence of high-volume, low-margin stores in the retail mix that is alone the reason for store declines; it is the combination of their presence with suburban location that is largely responsible. The existence of good parking facilities (Chapter VI) within this section may also have contributed to its strength. Though losing prestige rapidly, the Spring to East section still retains retail primacy with the largest number of establishments, including jewellery, sporting goods and camera stores which are not represented between Dennis and Elgin. This area still retains the highest concentration of high order service functions such as hotels, bank and trust companies and legal firms (Figure 10:11). Despite a loss of establishments, the East to Pim section has not lost functions and indeed, has moved toward higher status since 1951 with the decline in food outlets. Orientation to the more prosperous east of the city may be a factor.

Figure 10:12 summarises the differing character of retailing along each section of Queen Street as measured by floor space in each Traffic Zone fronting on Queen Street. This Figure differs slightly

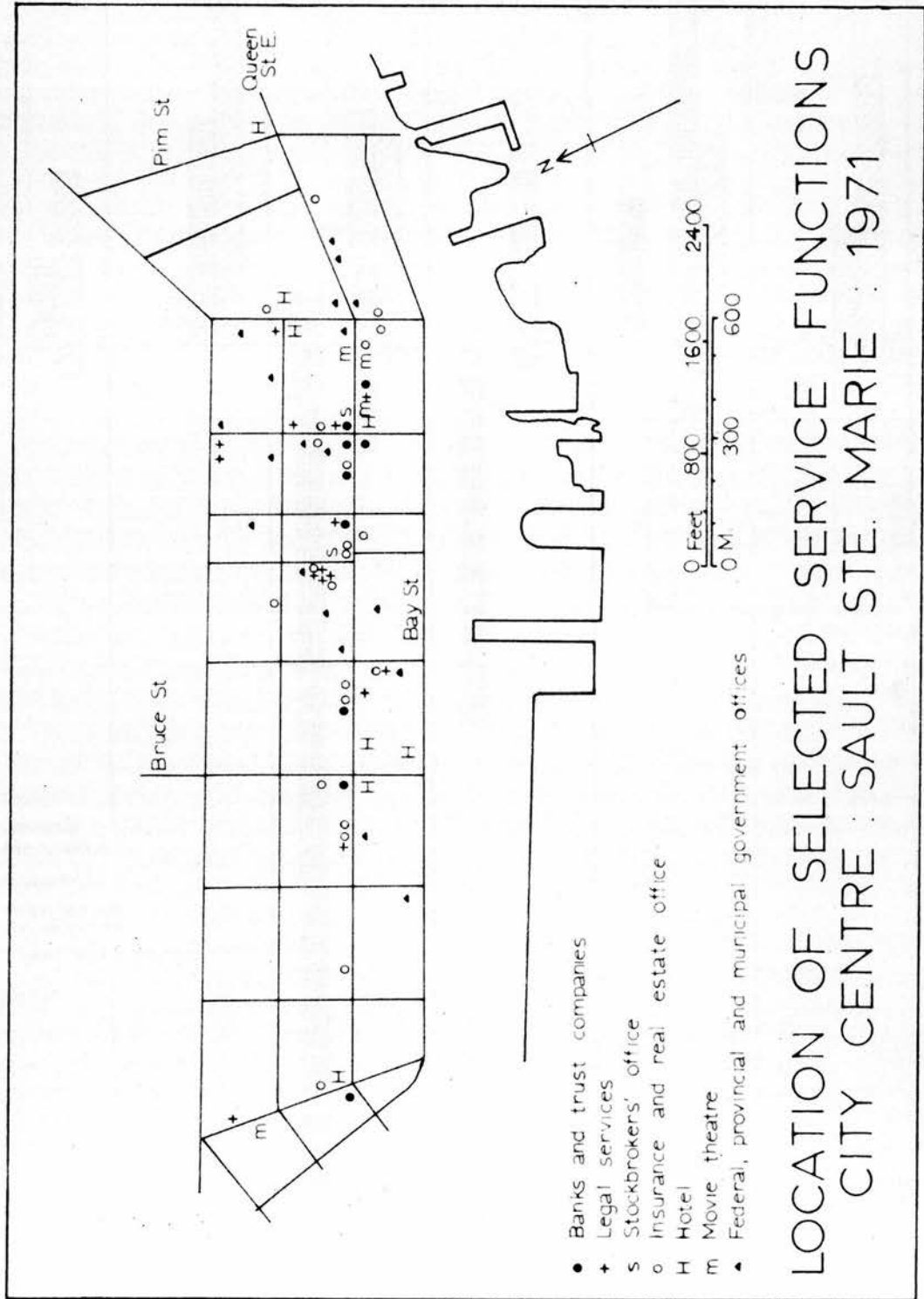
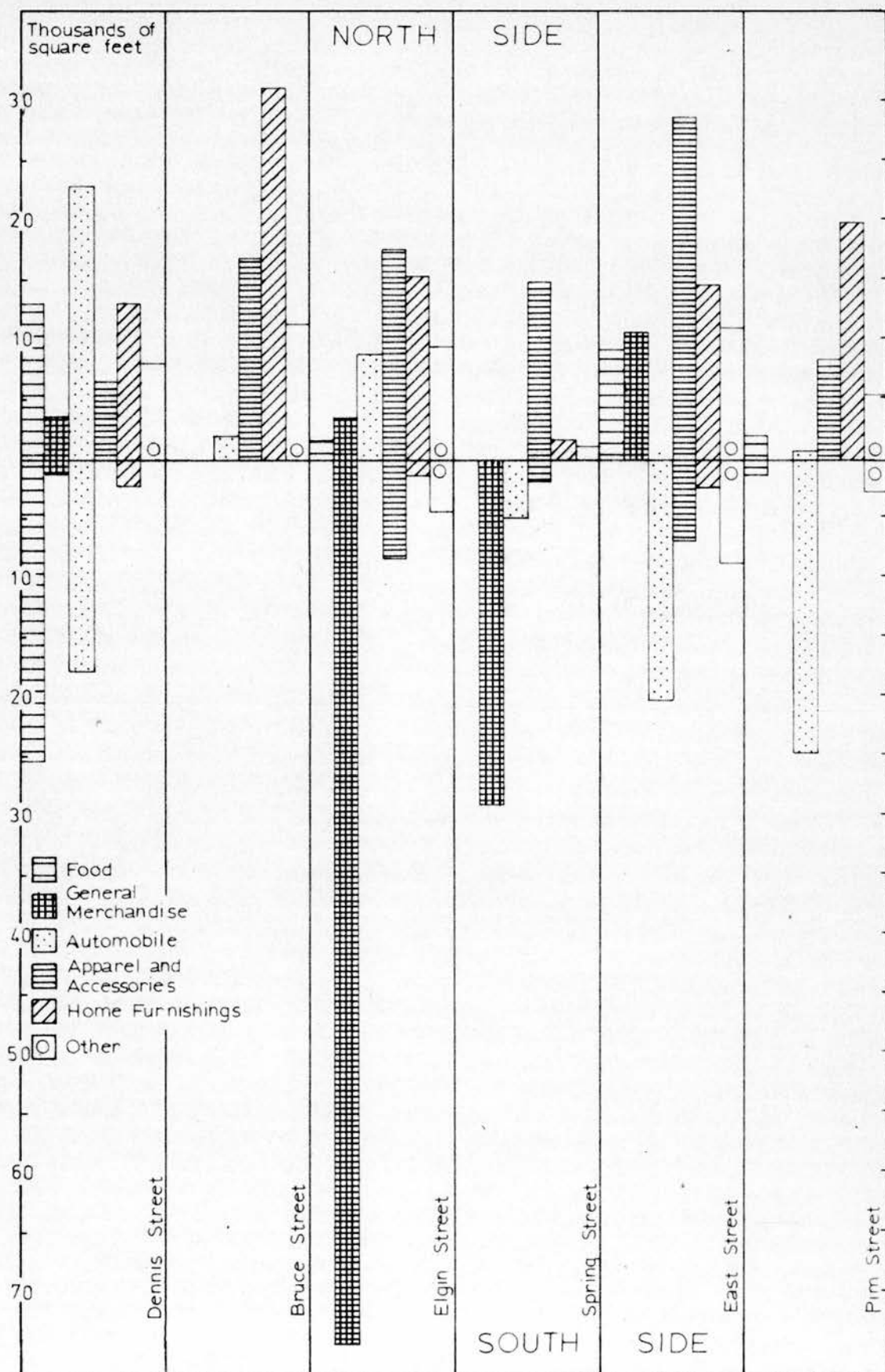


Figure 10.11



Source: Sault Ste. Marie and Area Planning Board, Urban Transportation Study 1970

RETAIL FLOOR SPACE ALONG QUEEN ST. E. : 1970

Figure 10:12

from Figures 10:9 and 10:10 in that the east side of Gore Street is included in Traffic Zone 3 and in that uses are included which do not have frontage themselves on Queen Street. Between Gore and Dennis, food, automobiles and home furnishings are the major groups. Between Dennis and Elgin, apparel, home furnishings and general merchandise stores predominate; the floor area of Woolco and Simpson-Sears is a major feature. Between Elgin and Spring, apparel is the major type to the virtual exclusion of others; Walkers Ltd., though classified as general merchandise, handles mostly apparel. Of all sections, the Spring to East is the most balanced with apparel being most important. In the final section, East to Pim, automobile uses and home furnishings occupy most space. Three general observations from Figure 10:12 can be made.

1. A slightly higher proportion of the retail floor space (55 per cent) occurs on the north side than on the south. This has been a characteristic since 1901 whether because of the proximity of the north side to residential areas or because of other factors such as shelter or exposure to sunlight. Consequently, uses which have appeared most recently and which require most floor space, such as supermarkets, general merchandise and automobile dealers, have located on the less-intensively utilised south side.

2. Within each of the Traffic Zones facing each other across Queen Street, a basic complementarity exists in that a type not well represented on one side is well represented on the other.

3. There is a concentration of apparel, general merchandise, jewellery, camera, office supply and stationery stores in the central sections of Queen Street, especially in the two core areas around the Bruce and Queen and Brock and Queen intersections. Food, automobiles and home furnishings occupy higher proportions of the floor space in peripheral sections. Some sorting out of uses on the basis of

accessibility and rent gradient appears to have taken place though segregation of uses is not strongly developed.

Summary. Certain general conclusions can now be reached regarding the development of retailing in the city centre of Sault Ste. Marie.

1. The increase in the total number and in the number of types of stores is responsive to a number of factors: population growth, increasing specialisation and the fact that new store types, such as the department and variety stores, automobile dealers, household appliances, television sales and camera stores tended to locate initially in or near the city centre once demand was great enough.

2. Decline or slow growth in the number of establishments is related to external economic factors such as the Depression or to the rise of competing centres. The latter is especially the case since 1951 when the areal spread of population, combined with traffic congestion and inadequate parking provisions, reduced the general accessibility to the city centre.

3. While the city centre still occupies the highest position in the hierarchy, its primacy has been seriously eroded since 1951. New retail types, for example, the discount department store, do not necessarily choose a central location for their initial location in the city. The operation of economic factors such as increasing areal spread of the city, increasing personal mobility, changes in consumption patterns away from the retail merchandise which predominates in the city centre, and decreasing population density close to the centre (Figure 3:3), will result in a continuance of this decline. Public intervention designed to improve vehicular and pedestrian circulation in the centre and to improve its amenity to re-attract residents, shoppers and workers

has not yet had time to show its effects and may, or may not, slow down or reverse the decline. The implementation of one-way traffic systems and the provision of free parking have not as yet proved effective.

4. Reference has been made frequently in this chapter to central area decline, due to the decentralisation of retail activities. It may be questioned whether this decline is absolute or relative. Does peripheral retail expansion take place at the expense of the central area or is it consistent with the growth of the city as a whole? As a city grows in population, one might expect that the proportion of sales held by the central area would decline; indefinite expansion of the central retail area is not possible and certain lower order business types might be expected to move to non-central locations. No data exist to compare sales in the central area at different points in time; however, experience in Sault Ste. Marie suggests that there is an absolute decline in retail business in the city centre. After the 1951 to 1961 period, the total number of establishments and the number of functional types declined in the city centre and there is little evidence to suggest an increased intensity of retail use to compensate for this loss. Ratcliff in reviewing his study of the central area of Madison, Wisconsin, comments that:

Change in the shopping-goods distribution function was assumed to be the prime indicator of central area health or decline. This type of activity feeds off the whole community; loss in central area dominance will most certainly occur when competing shopping facilities bring about a decline in central shopping-goods distribution.¹⁵

15 Richard U. Ratcliff, "Dynamics of Efficiency in the Locational Distribution of Urban Activities", from Robert M. Fisher (Ed.), The Metropolis in Modern Life, (New York, Doubleday, 1955), p.147.

By 1971, this stage was reached in Sault Ste. Marie.

5. The location of core areas along the linear street was established initially by historical accident - the location of waterfront uses and divisive elements such as the Court House. The clustering of retail uses near such cores is encouraged by the maintenance and growth of other generators such as hotels, entertainment facilities, financial institutions and offices. These cores may also be maintained by the fact that Queen Street is too long for easy pedestrian movement. The pedestrian scale of Yorkdale Plaza in Toronto is 800 feet; the distance between the Bruce and Queen and the Brock and Queen intersections is just over 2,000 feet. 800 foot circles centred on these intersections cover the areas of strongest retail development along Queen Street (Figure 6:3).

6. Growth of retail activities outward from these cores displays a pattern analogous to wave motion; the crest moves outwards in the direction of population and/or income growth. In Sault Ste. Marie, this direction was first westward and then eastward. Retraction may be similarly related to declines in population.

7. Despite the emergence of two core areas in the city centre, segregation of retail uses is not strongly developed, suggesting that rent gradient is not as effective a factor in a smaller city as in a larger one.

CHAPTER XI

EVOLUTION OF BUSINESS DISTRICTS IN
SAULT STE.MARIE 1901 - 1971: PART II

In Chapter X, it was suggested that a possible hierarchy of business centres exists in Sault Ste.Marie (Tables 10:2 and 10:3), though lines of demarcation between centres are by no means distinct. Further, as centres appear to have changed their position in the hierarchy over time, the outlying centres will be considered initially as a group rather than as representatives of separate levels in a hierarchy. Following this, retailing in planned shopping centres, arterial ribbons and scattered locations will be discussed.

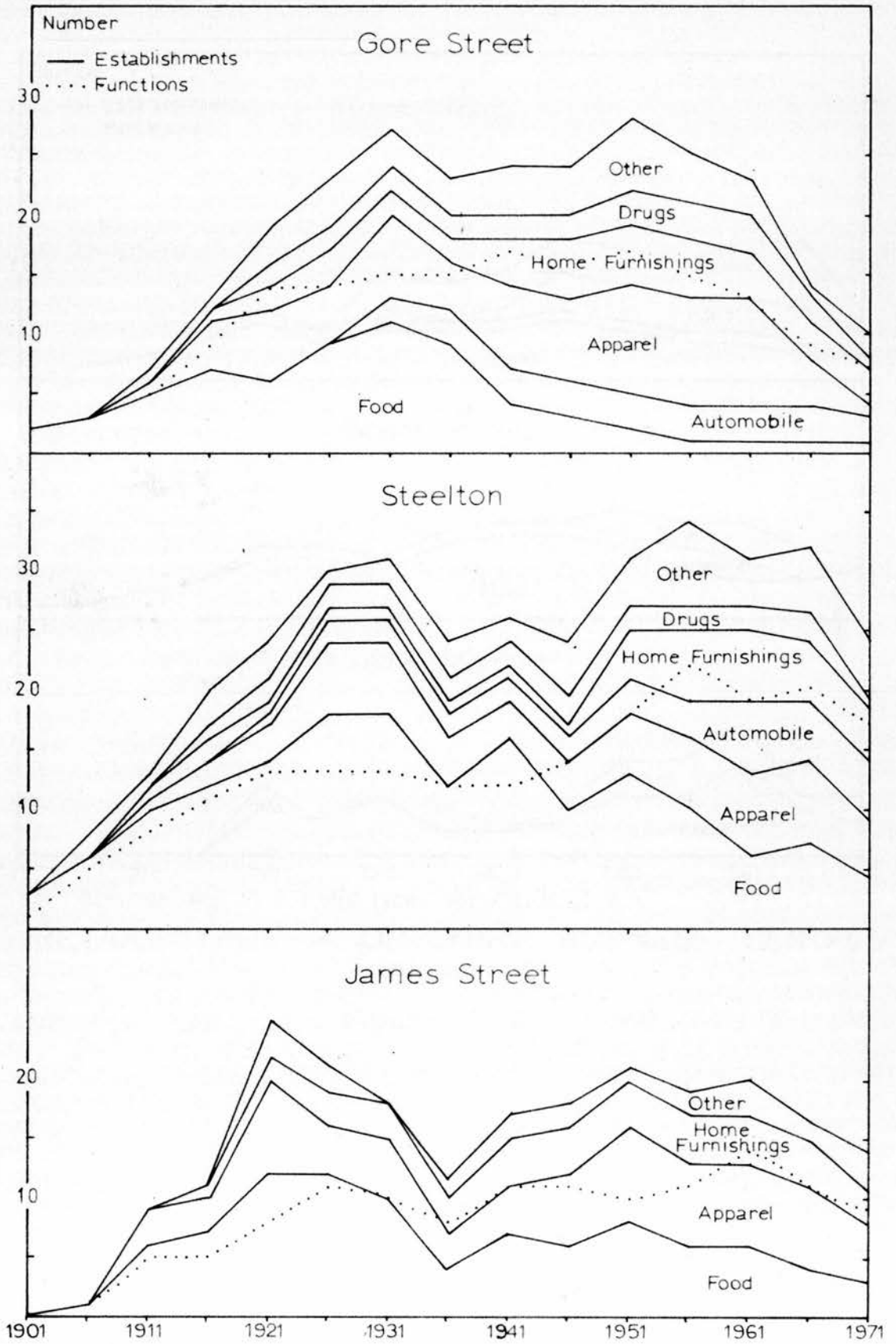
THE OUTLYING UNPLANNED CENTRES

Unplanned business centres are characteristic of the older residential areas of the city in the west. These centres include James Street, Steelton, Bruce Street north of the Canadian Pacific rail line, Korah Road and Bayview. Gore Street is also included; though it extends northwest from Queen Street East, its pattern of growth and decline and its range of functions have more in common with the outlying centres than with the city centre proper. While there are individual differences between these centres, they are distinct from the city centre in that they possess a narrower range of retail types and lack particularly what might be referred to as

higher order stores such as florists and specialized clothing, camera, and office supplies and stationery stores. As to distinctions between outlying centres, Berry suggests that: "... a neighbourhood centre ... has grocery stores, or small supermarkets, drugstores, laundries and dry cleaners, barber and beauty shops and a small restaurant. To these functions are added, at the community level, variety and clothing stores, bakeries, dairies and perhaps jewellery stores, florists and a post office."¹ Using these definitions as a guide, James and Gore Streets and Steelton approximated to the community level prior to 1951 and only Steelton to that level in 1971. All other centres approximated to the neighbourhood level.

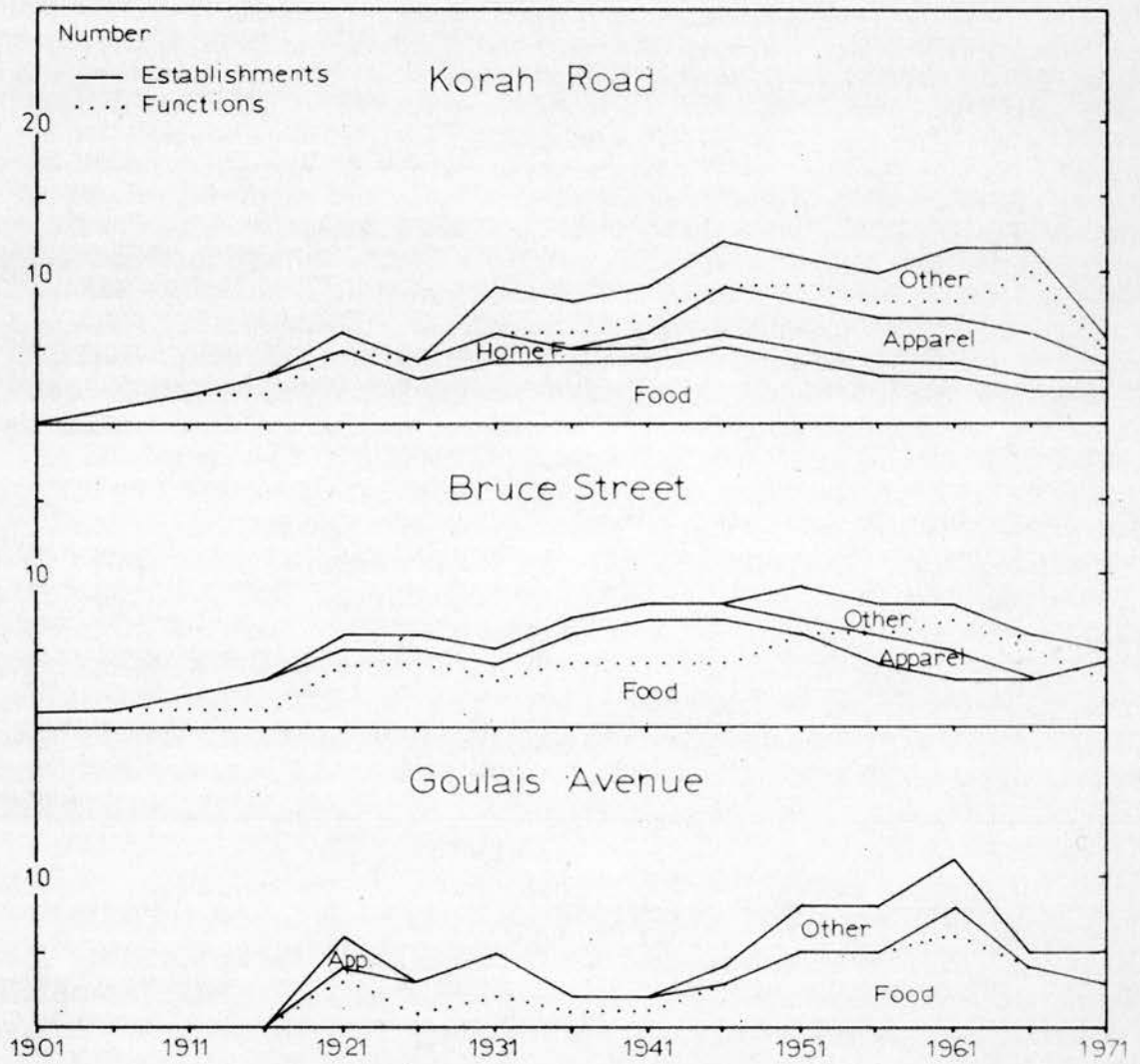
Figures 11:1 and 11:2 show the patterns of growth of individual retail types for the six centres. As settlement spread westward, the number of establishments and functions grew rapidly in the first ring of centres (Figure 10:4), though this was less true of Bruce Street which was closest to the core areas of the city centre and which lacked rapid population growth in its hinterland. These centres reached temporary peaks in number of establishments between 1921 and 1931 as did the city centre. The second ring of centres began growth later; this growth continued longer though it was erratic. All centres were affected by the Depression and all showed temporary post-war growth as population totals and densities increased. The inner ring of centres began to lose establishments after 1951 or 1956, the outer ring later after 1961 or 1966; the number of retail types also declined. This pattern of growth and contraction exhibits a similarity with the wave form suggested in

1 Brian J.L. Berry, "General Features of Urban Commercial Structure", from Larry S. Bourne, (Ed.) Internal Structure of the City: Readings on Space and Environment, (Oxford University Press, New York, 1969), p.361.



RETAIL TYPES IN OUTLYING BUSINESS CENTRES
1901-1971

Figure 11:1



For complete key to business types see Figure 10:9

RETAIL TYPES IN OUTLYING BUSINESS CENTRES 1901-1971

Figure 11:2

connection with the city centre (p.327). The decline appears to have begun earlier than in the city centre and has certainly been more severe, with the number of establishments having declined to one-third or one-half of their peak levels by 1972. Only in Steelton has the decline been similar to that in the city centre, or 70.9 per cent of the 1956 peak level.

In each centre, the first retail types to be established were food or general stores. As the neighbourhood population grew, so did the number of establishments and of retail types; though not all centres were the same, the order of entry of other types was usually clothing, dry goods, hardware, drug and shoe stores. This order suggests that each function had a threshold higher than the preceding. Only in the post-war period did higher order functions appear, for example, television and house furnishings by 1951 and furniture and sporting goods by 1956 in Steelton and children's wear on James Street by 1961. Nevertheless, food stores, though reaching a peak in number between 1921 and 1931, have always been a more important component of retailing in these centres than in the city centre. In most cases, the rapid decline in their number after 1946 or 1951 was the reason for the initial decline in the number of establishments after 1951. Large-scale food outlets, culminating in the true supermarkets at the end of the 1950s, eliminated some of the small neighbourhood food stores. Other functions, though being added at that time, did not compensate for the loss in food stores; ultimately, these functions too disappeared or were reduced in number as they were subjected to competition from the planned shopping centres. The disappearance of functions from a centre does not follow a regular pattern; the character of the store and its owner's entrepreneurial ability are probably more significant to its survival

or downfall, than are questions of threshold. The types that have been lost include clothing, children's wear, shoe, dry goods, hardware, furniture and drug stores and florists.

While the factors leading to the rise and decline of a centre are in part common to all, conditions which are to some degree unique to individual centres may operate to accelerate or retard these changes. Each centre will now be reviewed in this light.

Steelton. This centre evolved after 1901 as the core area of the municipality of Steelton. Stores were strung out along Wellington Street West from Gore Street to Hudson Street but over time have become concentrated between John and Hudson Streets (Figure 11:3, Plates 11:1, 11:2). Though food stores predominated until 1946 (Figure 11:1), this centre has possessed a wide range of retail types since 1911 and especially since 1951, and lacks only the most specialised of retail businesses. Further, this centre has resisted decline better than other unplanned centres, and this is the result of several factors. It still benefits from its association in the public mind with the independent municipality of Steelton, being popularly known by that name. The surrounding area is densely populated (Figure 3:2) with working men's homes and has not experienced major population declines in the last ten years. Traffic Zone statistics for 1970 show that over 3,000 people live within one-quarter of a mile of the centre and over 7,000 within half a mile; changes in population density in the nearby Traffic Zones ranged from +8 per cent to -8 per cent between 1959 and 1970. Finally, the centre possesses good general accessibility; Wellington Street West is a main route linking the western and eastern halves of the city and the completion of St. George's Avenue through to McNabb Street (Chapter I) has confirmed this role. Wellington Street West

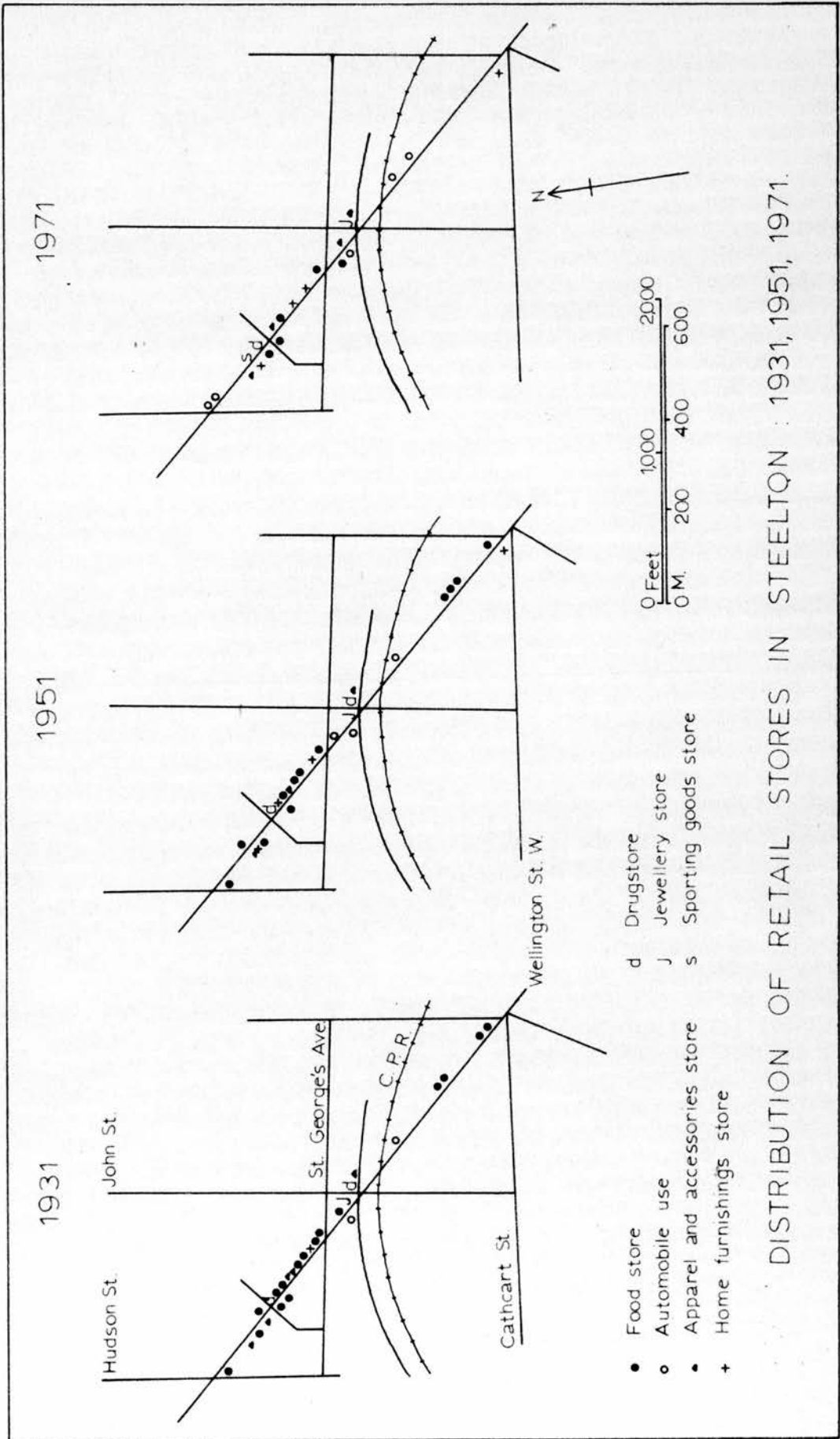


Figure 11:3



Plate 11:1

Steelton looking west from John Street.

This view is from approximately the same position as Plate 11:3.



Plate 11:2

Steelton looking east from Boydell Place.

A bank, real estate office, a ladies' wear and paint store are visible.

Willington Street in 1912,
from C. P. R. looking West,
Steelton, Ont.

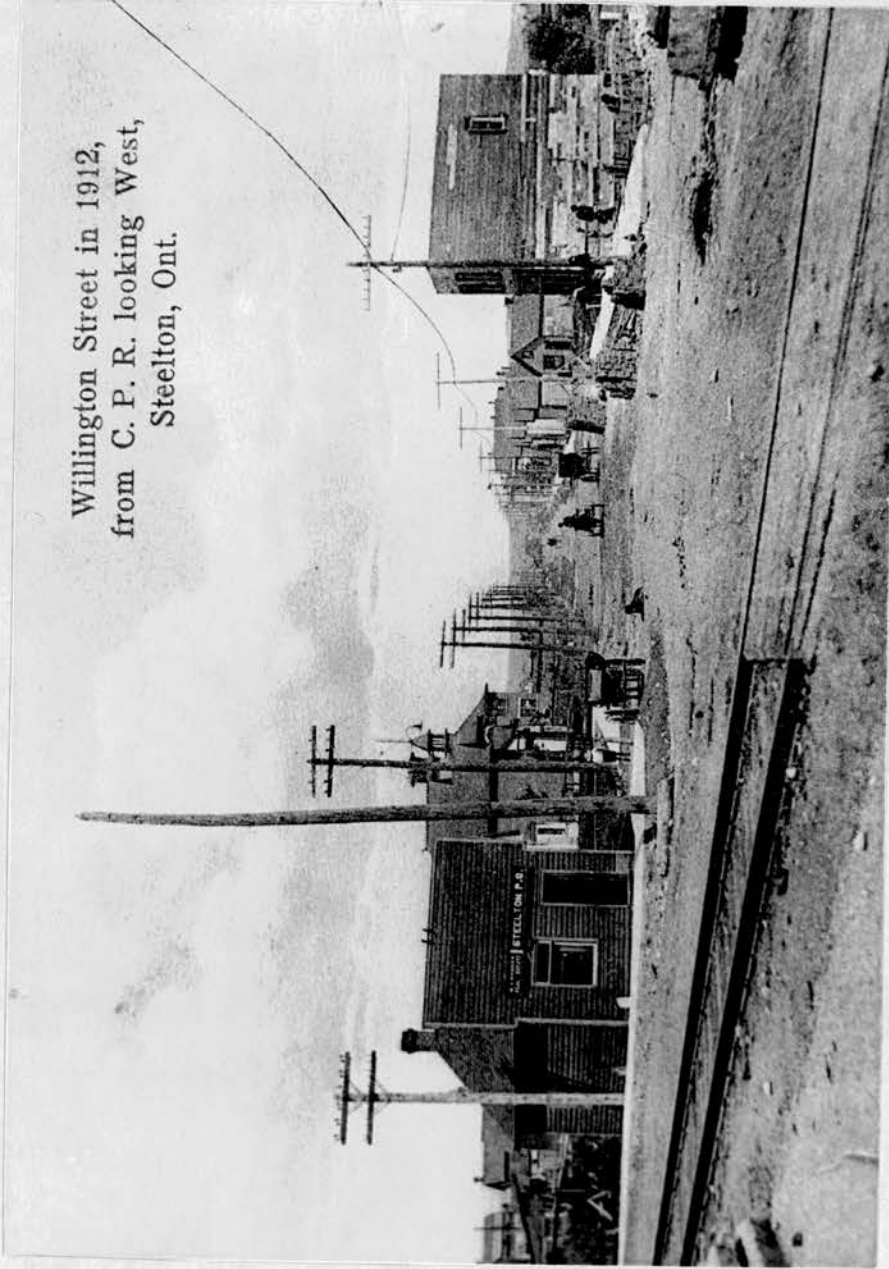


Plate 11:3
Steelton in 1912.

cuts diagonally across the grid pattern of the Stewart Survey (Figure 11:3); routes leading from these intersections provide good linkages with the surrounding area. Passing traffic is important to the centre; this was referred to in the case of a drugstore and hardware store in the centre (Figure 9:10). In interview, the owner of the hardware store, established in 1924, referred to the vital importance of the non-metered on-street parking though he commented on the lack of sufficient off-street parking; passing car traffic needs to be transformed into pedestrian traffic. The centre's specialised paint and wallpaper, sporting goods and food stores do, however, attract city-wide customers.

In addition to its retail functions, the centre provides certain services: restaurants, laundries and dry cleaners, barbers and beauty salons, a real estate office and a bank. The municipal buildings of Steelton now contain a public library and the Algoma Health Unit.

Gore Street. The two-block section of Gore Street lies at the extreme western end of Queen Street East and though an appendage of the city centre, had a pattern of early growth similar to that of Steelton. Food stores remained an important component of the retail mix until 1931, with clothing, hardware and home furnishings, and jewellery stores becoming more significant after that time (Figures 11:1 and 11:4). The centre reached its peak in the number of establishments and types in 1951 and its decline has been very rapid since 1961. Clothing stores have been virtually eliminated and the centre's remaining strength is concentrated in appliance, radio and television stores (Plate 11:4). However, many service functions remain, among them restaurants, barber shops and

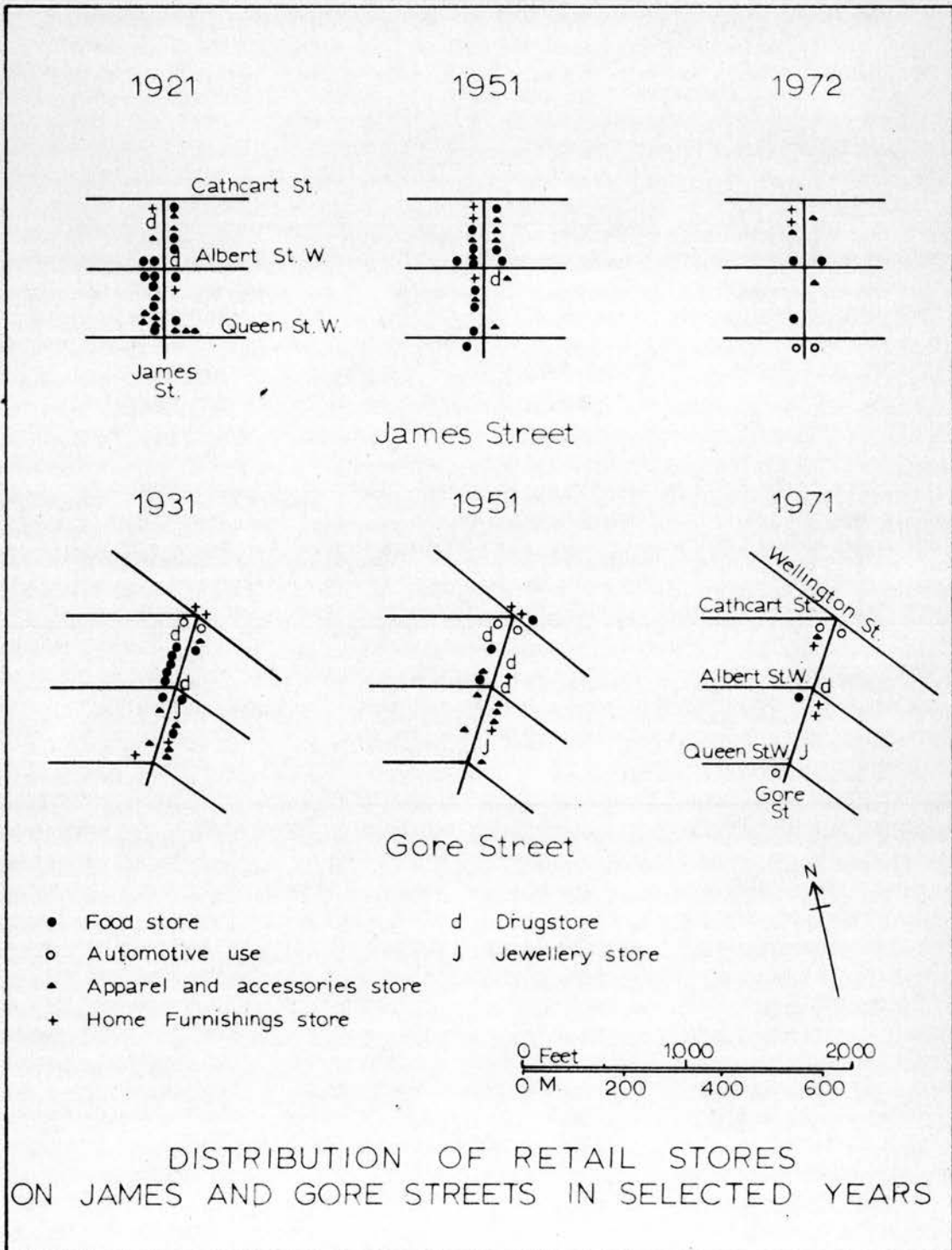


Figure 11:4



Plate 11:4

East side of Gore Street.

Radio and television stores are the main components of this centre.



Plate 11:5

West side of Gore Street.

Former retail stores have here been occupied by restaurants, and tailoring, rental and hairdressing establishments.

beauty salons, real estate offices, a cinema and a bank.

The centre's decline has been the result of several factors. It lacks the distinctiveness of Steelton and has been affected by its peripheral location to a contracting city centre. As was suggested in Chapter VI, the establishment of a one-way street system has reduced the centre's general accessibility and only on-street parking is available. Obsolete buildings, an atmosphere of decay and a lack of a definable image have also been effective (Plate 11:5). The City Centre Study originally proposed a landscaped mall type of neighbourhood shopping centre for Gore Street, though this was revised in October 1971. Proposals for redevelopment of the Algoma Central Railway waterfront property (Chapter VI) mean that Gore Street will be required for vehicular access to that development; consequently, there is little likelihood of improvement in this centre's status.

James Street. This centre has been referred to several times in this study in connection with the ethnic origin of the West End's residents (Chapters III and IV). The rapid growth of establishments until 1921 and the high proportion of food, clothing and dry goods stores that have been characteristic of this centre, have been noted in this connection. The fact that many of these establishments operated on a small scale is suggested by their rapid decline in number between 1921 and 1936. The decline since 1951, and especially since 1971 (Figures 11:1 and 11:4), is the result of other factors. General accessibility to this centre was never very good; it lies in a cul-de-sac away from main traffic arteries without volumes of through traffic. Prior to 1960, there was access through Algoma Steel Corporation property to Bayview to the west and now, as the main gate for workers travelling to and from Algoma Steel is off

Wellington Street West rather than Queen Street West (Figure 6:4), whatever through traffic did exist has been diminished in volume. The centre was always strongly oriented towards the local population; population densities in the two West End Traffic Zones were over 20,000 to the square mile in 1959 and these two Zones had over 4,500 inhabitants. By 1970, their population had declined to 3,400 and the demolition of property associated with West End urban renewal (Chapter VI) will have resulted in further reductions since then. All property (with the exception of the hardware and furniture store) along James Street will ultimately be cleared and most is now vacant (Plates 11:6, 11:7). Under renewal plans, the area will become merely a neighbourhood convenience centre (Chapter VI, p.171), though the hardware and furniture store which requires a wider market will remain. Only a restaurant, two bars, and a barber shop now remain as service functions.

Korah Road. The small centre on Korah Road between Wallace Terrace and Douglas Street developed after 1921 as population spread westward. Non-food retail types grew after 1946 with further population growth but have declined rapidly since 1966 (Figure 11:2). The centre has no long-standing tradition as a shopping centre and lacks service functions other than beauty salons, a barber shop and a bank; the construction of the Market Mall Plaza one-third of a mile to the north has provided too much competition for this weak centre.

Goulais Avenue and Bruce Street (Figure 11:2). Neither of these centres makes a significant contribution to retailing. After the initial establishment of food stores, other functions such as clothing, hardware and drugstores were added gradually. Competition from other centres has eliminated these types and the centres have regressed to a dependence on food outlets.



Plate 11:6
James Street.
Vacant buildings awaiting demolition.



Plate 11:7
James Street.
Only the hardware and furniture store
will remain after demolition.

Summary. While each centre displays certain unique conditions, there are factors common to all. Each responds to population growth and decline in the immediate area as each is oriented to a local rather than city-wide market, though the latter is not excluded. With increasing consumer mobility, changes in general accessibility are of major concern, affecting as they do the level of passing traffic which may be attracted to shop. In view of declines in local populations, this passing traffic becomes even more important. The loss of functions as a centre declines has a cumulative effect, in that the centre's "tone" declines and the shopper's choice of stores and merchandise is reduced. In comparison with planned shopping centres, the older unplanned ones lack attractive store fronts or interiors and parking space. Stores in these centres are affected by what Berry and Simmons have referred to as "functional blight". Simmons suggests that:

This form of blight includes a number of long-run trends ... better highway access and increased automobile ownership ... technological innovation ... fundamental changes in the nature of consumer demand These various forms of obsolescence put older stores in a difficult competitive position. In economic terms, the advantages of ready-made buildings and organizations are no longer sufficient to compete with economies of scale and the attractions of access and parking.²

The problems of the older unplanned centres are clearly similar to those of the city centre but are intensified by their lower order and their relative lack of specialised retailing. They are thus more vulnerable to competition from large-scale mass-appeal enterprises such as the discount department store and the supermarket and from the newer, planned shopping centres.

2 Simmons, Toronto's Changing Retail Complex, p.61-62.

THE PLANNED SHOPPING CENTRES

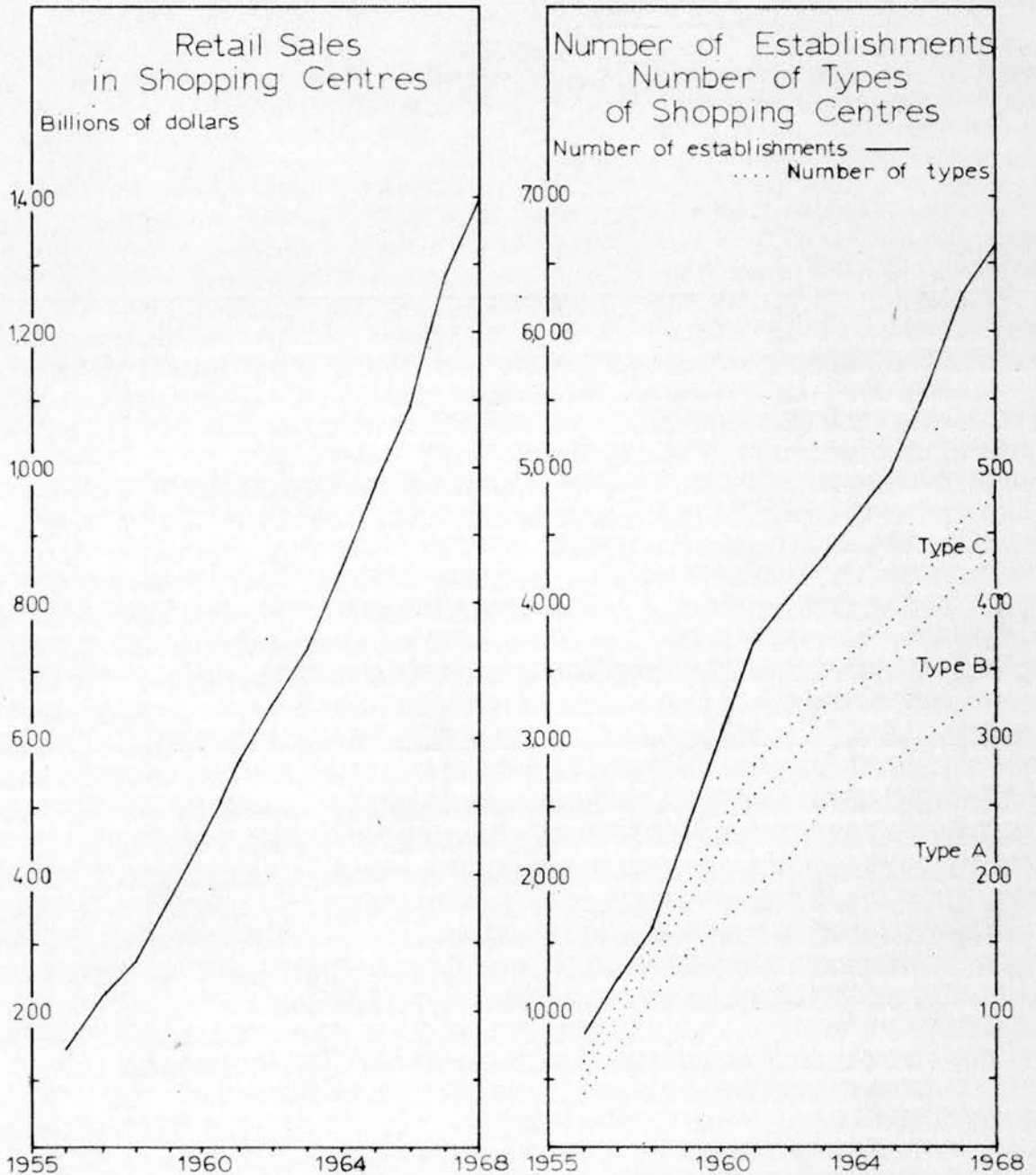
The planned shopping centre has had an important impact on urban retailing in Canada in the last fifteen years. Between 1956, the first year in which the Dominion Bureau of Statistics collected data on shopping centres, and 1968, the sales of shopping centres rose over seven times in real terms and their number grew from 67 to 480. The number of retail establishments rose from 834 to 6,634 (Figure 11:5). In 1956, sales in shopping centres accounted for 2.6 per cent of retail trade, if trades which are not represented in shopping centres are excluded;³ in 1968, their share was 14.3 per cent.⁴ As shopping centres are confined to larger urban areas, their share of retail trade in such areas is undoubtedly higher. Data for Sault Ste. Marie, which will be referred to later, indicate that their share of retail trade in the city is between 25 and 30 per cent.

As with unplanned centres, criteria for discerning a hierarchy of planned centres varies. The classification employed by the Dominion Bureau of Statistics (Table 11:1) was formulated in 1956 when centres were in their inception in Canada and data were limited and was revised slightly in 1960⁵. Distinctions between centres are not made on the basis of functions. Hoyt's classification in 1958 (Table 11:1) takes into consideration both size and function,

3 Excludes automobile dealers, general stores, lumber and building materials dealers, fuel dealers, farm implement stores and other farm stores.

4 Canada, D.B.S., Shopping Centres in Canada, (Ottawa, 1971) Table 2.

5 The 1960 definition requires a minimum of five stores, 20,000 square feet of free parking space and the presence of a grocery, department or chain variety store. For developments with parking areas of 20,000 to 50,000 square feet, the ratio of parking area to gross ground floor area must be 1.5 to 1 or better.



Source: Canada, D.B.S., Shopping Centres in Canada, Reference Paper No.87, 1956, Retail Trade: Shopping Centre Supplement 1959, Shopping Centres in Canada, 1971.

Types of shopping centres are defined in Table 11:1.

SHOPPING CENTRES: SELECTED STATISTICS - 1956-1968

Figure 11:5

TABLE 11:1

CLASSIFICATION OF SHOPPING CENTRES

<u>Type</u>				<u>Size</u>	<u>Characteristic Retail Types</u>
<u>Dominion Bureau of Statistics Classification</u>					
A	5 - 15 stores	Floor area	9,000 -	199,000 sq. ft. ^a	
		Parking area	20,000 -	900,000 sq. ft. ^a	
B	16 - 30 stores	Floor area	64,000 -	438,000 sq. ft. ^a	
		Parking area	64,000 -	1,550,000 sq. ft. ^a	
C	Over 30 stores	Floor area	200,000 -	1,120,000 sq. ft. ^a	
		Parking area	236,000 -	2,400,000 sq. ft. ^a	
<u>Hovt (1958)</u>					
Regional	Site 35 - 100 acres	Floor area	250,000 -	1,000,000 sq. ft.	Major Department store 100,000 sq. ft.
Community	Site 15 - 40 acres	Floor area	100,000 -	400,000 sq. ft.	Junior Department store 25,000 - 90,000 sq. ft.
Neighbourhood (large)	Site 10 - 20 acres	Floor area	50,000 -	100,000 sq. ft.	Variety or family clothing 10,000 - 20,000 sq. ft.
	(small) Site 5 - 10 acres	Floor area	Less than 50,000 sq. ft.		Supermarket 10,000 - 20,000 sq. ft.
<u>Simmons (1966)</u>					
Super Regional					2 or more Department stores.
Regional					1 Department store plus shopping goods.
Shopping Goods					1 or 2 Chain variety and shopping goods.
Community					Chain variety plus some shopping goods.
Neighbourhood					Supermarket.

Major Department store
100,000 sq. ft.
Junior Department store
25,000 - 90,000 sq. ft.
Variety or family clothing
10,000 - 20,000 sq. ft.
Supermarket
10,000 - 20,000 sq. ft.

2 or more Department stores.
1 Department store plus shopping goods.
1 or 2 Chain variety and shopping goods.
Chain variety plus some shopping goods.
Supermarket.

^a Based on 1964 characteristics.
Source: See text p.351, 354.

recognising four levels.⁶ Simmons (1966) in his study of Toronto⁷ held that the hierarchy of planned centres was more complex than that of unplanned centres but proposed a five-level system similar to that for unplanned centres (Table 11:1).

Classification of planned centres in Sault Ste. Marie is complicated by the presence of three discount department stores as part of the centres. As these stores carry a wide range of general merchandise except food, they are likely to inhibit growth of other stores. As Simmons points out: "Hence a single discount department store with a supermarket department can effectively serve as many people as a high-income planned centre with twenty to thirty stores".⁸ The main characteristics of the five planned centres in Sault Ste. Marie are shown in Table 11:2. It is clear that Churchill Plaza would be classified as a Type B or community level centre and Pine Plaza as a Type A or neighbourhood level centre. The relationship of the other centres to the hierarchy is less clear as they seem to fall between categories; the discount department stores which are an integral part of each carry a wide range of shopping goods and these centres may be considered as above neighbourhood level.

In number, the neighbourhood (Type A) centre dominates the scene in Canada; in 1959, Type A centres accounted for 73.5 per cent and Type C for 7.8 per cent of all centres though by 1968, these percentages were 69.8 and 9.6. The growth of the largest centres

6 Homer Hoyt, 'Classification of Significant Characteristics of Shopping Centres', Appraisal Journal, April 1958, in Homer Hoyt, According to Hoyt: 50 Years of Homer Hoyt 1916-1966 (Hoyt, 1966), p.639.

7 Simmons, Toronto's Changing Retail Complex, Table 4, p.24.

8 Simmons, Changing Pattern of Retail Location, p.113.

TABLE 11:2

PLANNED CENTRES IN SAULT STE. MARIE 1971

<u>Location</u>	<u>Size</u>	<u>Main Retail Types</u>
Churchill Plaza	22 Retail Est. 17 Types 11 Service Est. 9 Types Gross Floor Area 137,445 sq. ft. Retail Floor Area 92,300 sq. ft.	Supermarket 20,000 sq. ft. Variety 10,500 sq. ft. Apparel, Hardware, Drugs Jewellery, Shoes
K-Mart Plaza	4 Retail Est. 4 Types 4 Service Est. 4 Types Gross Floor Area 117,053 sq. ft. Retail Floor Area 94,800 sq. ft.	Discount Department store 61,600 sq. ft. Supermarket 20,900 sq. ft.
Market Mall	9 Retail Est. 9 Types 3 Service Est. 3 Types Gross Floor Area 99,637 sq. ft. Retail Floor Area 88,700 sq. ft.	Discount Department store 43,200 sq. ft. Supermarket 22,600 sq. ft. Apparel, Shoes
Sentry Plaza	2 Retail Est. 2 Types 2 Service Est. 2 Types Gross Floor Area 98,520 sq. ft. Retail Floor Area 80,300 sq. ft.	Discount Department store 52,500 sq. ft. Supermarket 27,800 sq. ft.
Pine Plaza	5 Retail Est. 4 Types 3 Service Est. 3 Types Gross Floor Area 27,000 sq. ft.	Supermarket

Source: Floor area data from Murray V. Jones and Associates Ltd., City Centre Study, Progress Report No. 2, (Mimeographed, 1971), Table 2, p.6.

has been slowed by the lack of areas with sufficient population to support them. In 1956, 93.6 per cent of all shopping centre sales occurred in metropolitan areas;⁹ in 1964, the percentage was 81.6¹⁰

Distinct differences in the retail mix are apparent at the different levels of planned centres in Canada; these are summarised in Table 11:3. With increasing centre size, lower order stores such as grocery and drug stores account for lower proportions of centre sales while higher order stores such as department, clothing, furniture and jewellery stores account for higher proportions. As centres have been upgraded over time, the same change has taken place. The share of sales held by grocery stores declined between 1956 and 1968, while that of the department store and clothing stores increased (Figure 11:6). The distribution for Sault Ste. Marie (Figure 11:6) is in some respects similar to that of the community centres (Table 11:3) but the discount department stores affect the proportion of sales by other outlets. Similarly, as centre size increases, lower order types may be phased out, as in the case of the grocery store, while higher order types increase in number (Table 11:4). Taking all three types of centre together, however, it is clear that the shopping centre has become an important location for grocery, variety, department, men's and ladies' clothing, shoe and drug stores. Figure 11:7 shows the proportion of total retail sales by business type in Canada that are accounted for by shopping centres; the proportions held by seven of the listed types of store are above 15 per cent and above the average for all stores.

9 Canada, D.B.S., Retail Trade: Shopping Centre Supplement 1959, p.30.

10 Moyer and Snyder, Table 8.13, p.198.

TABLE 11:3

PERCENTAGE DISTRIBUTION OF SALES BY SHOPPING CENTRE TYPE
CANADA 1964

<u>Kind of Business</u>	<u>Type of Centre</u>		<u>Regional</u>
	<u>Neighbourhood</u>	<u>Community</u>	
Grocery and Combination store	60.6	41.8	18.6
Department stores	5.5	16.3	47.3
Variety stores	4.7	7.3	4.8
Clothing	5.4	11.1	10.5
Hardware	1.7	1.9	1.5
Furniture, appliance and radio	1.0	1.4	1.8
Drug stores	6.6	4.0	1.7
Jewellery stores	.3	.7	1.1
Other	4.4	6.8	5.8

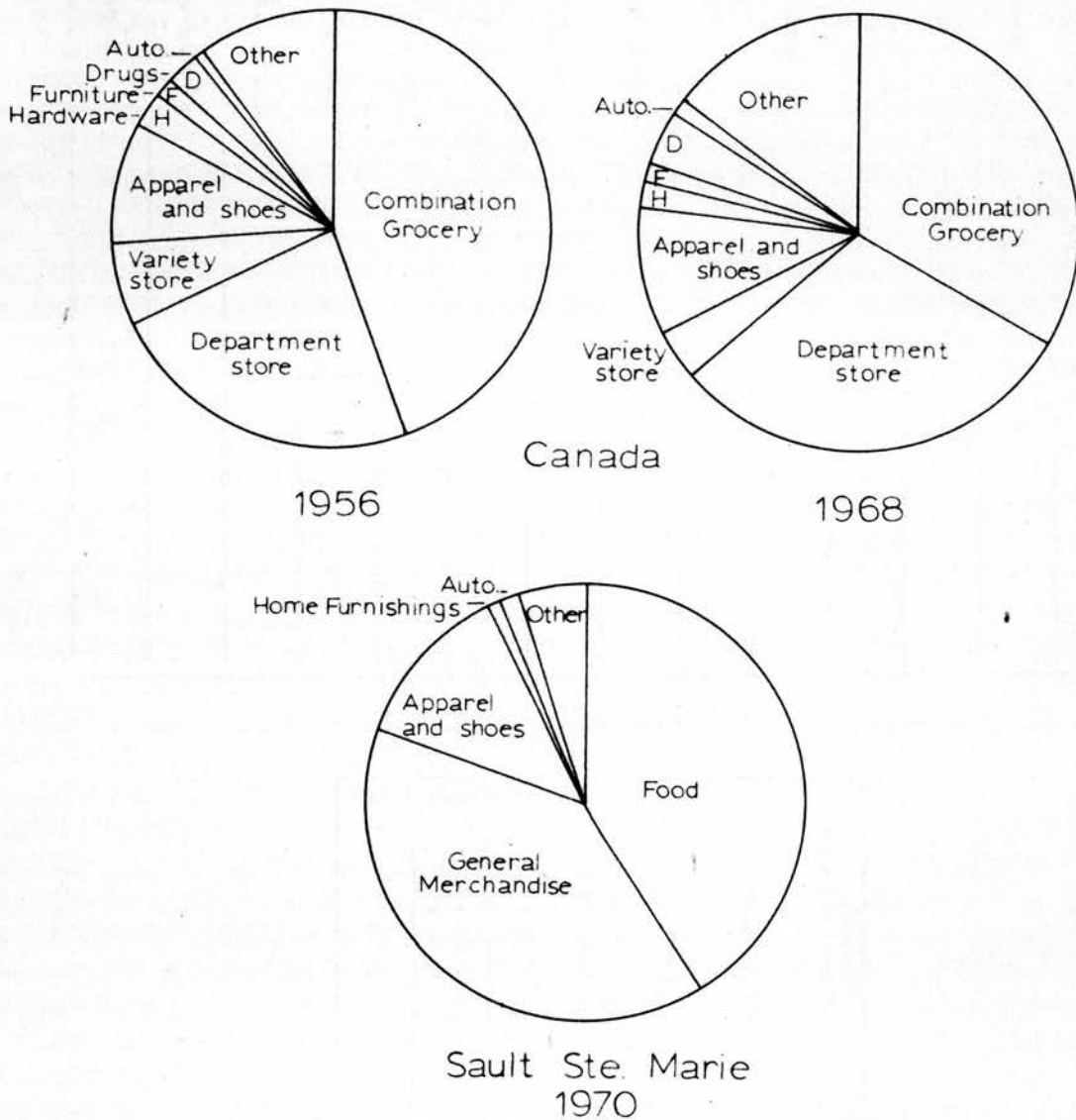
Source: Canada D.B.S., Shopping Centres in Canada 1964, Table 1, p.7.

TABLE 11:4

RETAIL STORE FREQUENCY BY SHOPPING CENTRE TYPE
CANADA 1964

	<u>Neighbourhood</u>	<u>Community</u>	<u>Regional</u>
	Percentage of centres having no stores		
Combination Grocery	-	-	10.3
Department Store	94.4	71.5	13.8
Variety store	58.8	10.0	-
Men's Clothing	67.4	11.4	-
Ladies' Clothing	53.3	2.8	-
Furniture, appliances and radio	74.8	52.9	17.3
Jewellery	77.4	28.6	6.9

Source: Moyer and Snyder, Table 8:7, pp.190-191.

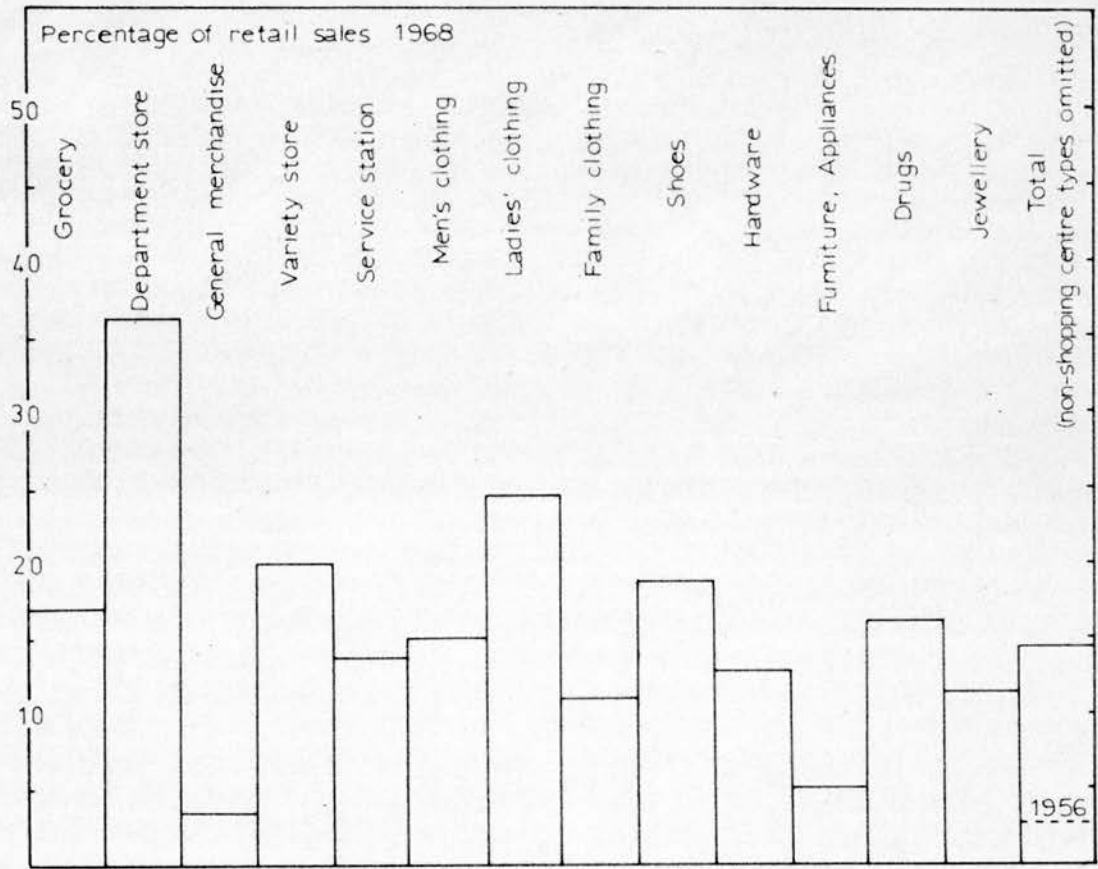


Source: Canada - Canada, D.B.S., Shopping Centres in Canada, 1956, 1971.

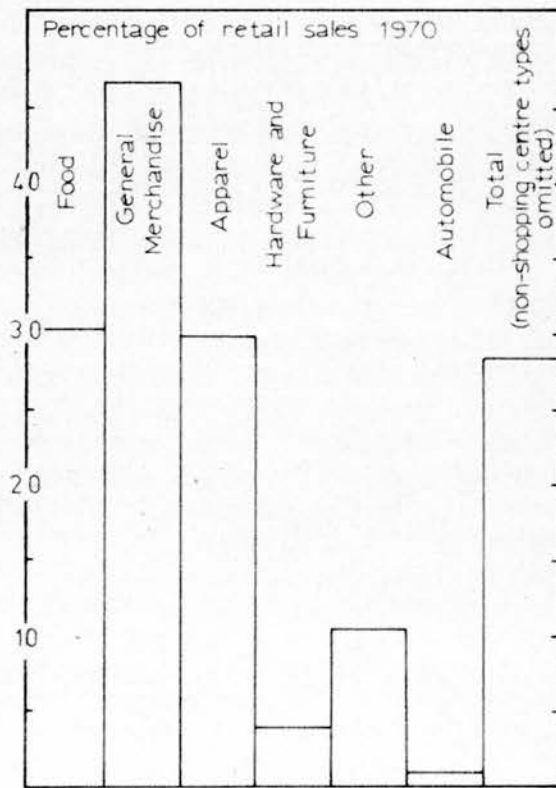
Sault Ste. Marie - Murray V. Jones and Associates, Ltd., City Centre Study, Progress Report No. 2, - calculations based on Tables 1 and 2.

SALES BY BUSINESS TYPE AS A PERCENTAGE
OF SHOPPING CENTRE SALES:
CANADA AND SAULT STE. MARIE.

Figure 11:6



CANADA



SAULT STE. MARIE

SALES IN SHOPPING CENTRES
AS A PROPORTION OF ALL RETAIL SALES

Figure 11.7

Proportions for Sault Ste. Marie are substantially higher than for the nation; though categories are less sophisticated for the city, the same general emphasis on food, general merchandise and apparel groups is apparent. Of all the major retail types, only the automotive group is poorly represented in shopping centres; automobile sales, garages and service stations have special location requirements.

TABLE 11:5

SALES AND ESTABLISHMENTS BY TYPE OF ORGANISATION
IN SHOPPING CENTRES - CANADA 1956 and 1968

<u>Sales</u>	<u>Chain</u>	<u>Department Store</u>	<u>Independent</u>
	Percentage of Total Sales		
1956	63.6	23.0	13.4
1968	50.2	30.2	19.6
	' ——— , ——— '		
1966 (All stores)		32.97	67.03
<u>Establishments</u>			
1956	50.0	0.2	48.8
1968	38.2	1.8	60.0
	' ——— , ——— '		
1966 (All stores)		8.4	91.6

Source: Canada, D.B.S., Shopping Centres in Canada, Reference Paper No.87 (Ottawa, 1958), Table 2, Shopping Centres in Canada 1968 (Ottawa, 1971), Table 2.

The nature of the retail types common to planned centres has an effect on the type of store organisation. Chain and department store organisations are more predominant in planned centres than in retailing as a whole, though the share of sales and establishments held by independents did increase between 1956 and 1968 (Table 11:5). The major reason for this predominance is the fact that the retail types in shopping centres are the ones in which the chain stores are best represented (Chapter VII). Also, Simmons holds that:

The lack of rent zonation in planned centres allows and encourages economies of scale and discourages specialization of function. Not only are bigger stores given a lower rent but the constant level of accessibility throughout the center does not lead to the breaking away of departments into groups of specialized, very high order business types.¹¹

As Cohen and Applebaum point out: "The various tenants wind up with different deals on length of lease and renewal options, on base rent paid per square foot of building space and on percentage rent to sales ... Tenants which contribute the greatest drawing power to the shopping center receive the most favourable lease terms."¹²

These conditions encourage the chain and discourage the independent store. Also, as shopping centres are usually built by developers, it is to their advantage to obtain a key tenant in the form of a supermarket, variety or department store in order to ensure a high enough credit rating to permit construction and ultimately to ensure the success of the centre by providing generative ability. National chain stores can meet both of these requirements.

11 Simmons, The Changing Pattern of Retail Location, p.111.

12 Saul B. Cohen, and William Applebaum, "Evaluating Store Sites and Determining Store Rents", Economic Geography, Vol.36, 1960, p.34.

Several differences between planned and unplanned centres are apparent. Though Simmons maintains that: "The planned center has no place for low order functions usually found in a nucleation ..."¹³ and that: "A high order planned center will have a much higher proportion of its stores selling shopping goods than its equivalent unplanned center",¹⁴ this does not seem to be applicable at the scale of Sault Ste. Marie or up to the community centre level. The greater scale of the planned centre will result in fewer retail establishments than in the unplanned centre, however. For example, the ratios of establishments to retail functions in 1971 in Steelton, on Queen Street East between Dennis and Elgin and between Spring and East Streets are 1.4, 1.5 and 1.8 to 1, while those for Churchill Plaza and the Market Mall are 1.3 and 1.1 to 1. Competition between similar store types in planned centres may be restricted by the developer who often controls the number of individual retail types within a centre through leases with his tenants. The mix of retail types in Churchill Plaza was essentially the same in 1971 as in 1966; two functions were lost and three were added in that time. Planned centres also differ from unplanned ones in their unified design and management, provision of parking facilities and sites close to main highways in suburban locations. In Sault Ste. Marie, the five planned centres form a third ring of centres outside the city centre and the two rings of older unplanned centres (Figure 10:4). The planned centres have taken the place of unplanned centres in the north-east and east of the city; as population expanded in that direction after

13 Simmons, The Changing Pattern of Retail Location, p.109.

14 Simmons, Toronto's Changing Retail Complex, p.19.

1955, unplanned centres had no opportunity to develop.

Shopping centres in Sault Ste. Marie have had an important effect on city retailing since 1960 as has already been suggested. In 1970, these centres contained 356,000 square feet of retail floor space, 22.3 per cent of the city total, compared with 728,500 square feet in the city centre, 45.6 per cent of the city total. Table 10:4 (p.317) shows that the centres' share of floor space devoted to food, general merchandise and apparel and accessories is higher than the centres' share of all floor space and much lower in other categories. As was pointed out in Chapter X (Footnote 8, p.316), estimates of sales per square foot used in the City Centre Study are unlikely to be correct; however, if the average values for the city for sales per square foot are used, then shopping centres account for 20.4 per cent of retail sales or 28.4 per cent if non-shopping centre uses are excluded. Values for store groups are given in Table 10:4, and shown in graph form in Figure 11:7. Shopping centres account for approximately thirty per cent of food and apparel sales and fifty per cent of general merchandise sales in the city. The emergence of the shopping centres has affected stores at all levels of the hierarchy: the city centre, older unplanned centres and the dispersed stores. Only the urban arterial uses have been unaffected. Their effect has been greatest on lower levels in the hierarchy; as was shown earlier in the chapter, several older centres have been reduced to even lower levels. As Hoyt stated in 1958:

The new planned centers, with free off-street parking, will have a decidedly adverse affect upon string-like secondary business districts in outlying neighbourhoods with little or no parking. These centers have neither the free off street parking of the new centers nor the wide selection of merchandise of the central business districts.¹⁵

15 Hoyt, According to Hoyt, p.644.

Further, a planned centre such as Churchill Plaza can now rival individual core areas along Queen Street in the number and range of retail, though not service, functions available and at the same time, provide ease of accessibility and parking beyond the ability of the city centre.

As a conclusion to this section, each of the shopping centres will be briefly described in respect to its location and character.

Churchill Plaza (Figure 11:8). This plaza occupies a thirteen-acre site on which the first stores opened in 1961. Its construction was in direct response to the spread of residential areas after 1955 towards the east of the city. In 1961, this centre lay on the urban-rural fringe; by 1971, residential areas had spread eastward to surround it (Figure 2:4). While population densities are not as high as in the west of the city (Figure 3:2), there are some small apartment districts of higher density nearby and the area is predominantly upper middle income with a considerable proportion of its population in professional, technical and clerical occupations (Figure 3:9). Location on the major highway eastwards, close to cross streets leading to residential areas to the north, assured the centre of a wide market. Finally, apart from a few scattered stores, no retail centre in this area antedated the shopping centre. Since the centre was built, some retail stores have been established in nearby locations, further widening the range of functions available in the immediate vicinity.

The centre is typical of many community level centres. Food, general merchandise, apparel and shoe stores are the major types and eleven of the twenty-two stores are chain stores or monopolistic outlets such as the liquor and beer stores. A wide range of retail functions exists, including some specialised types such as jewellery,

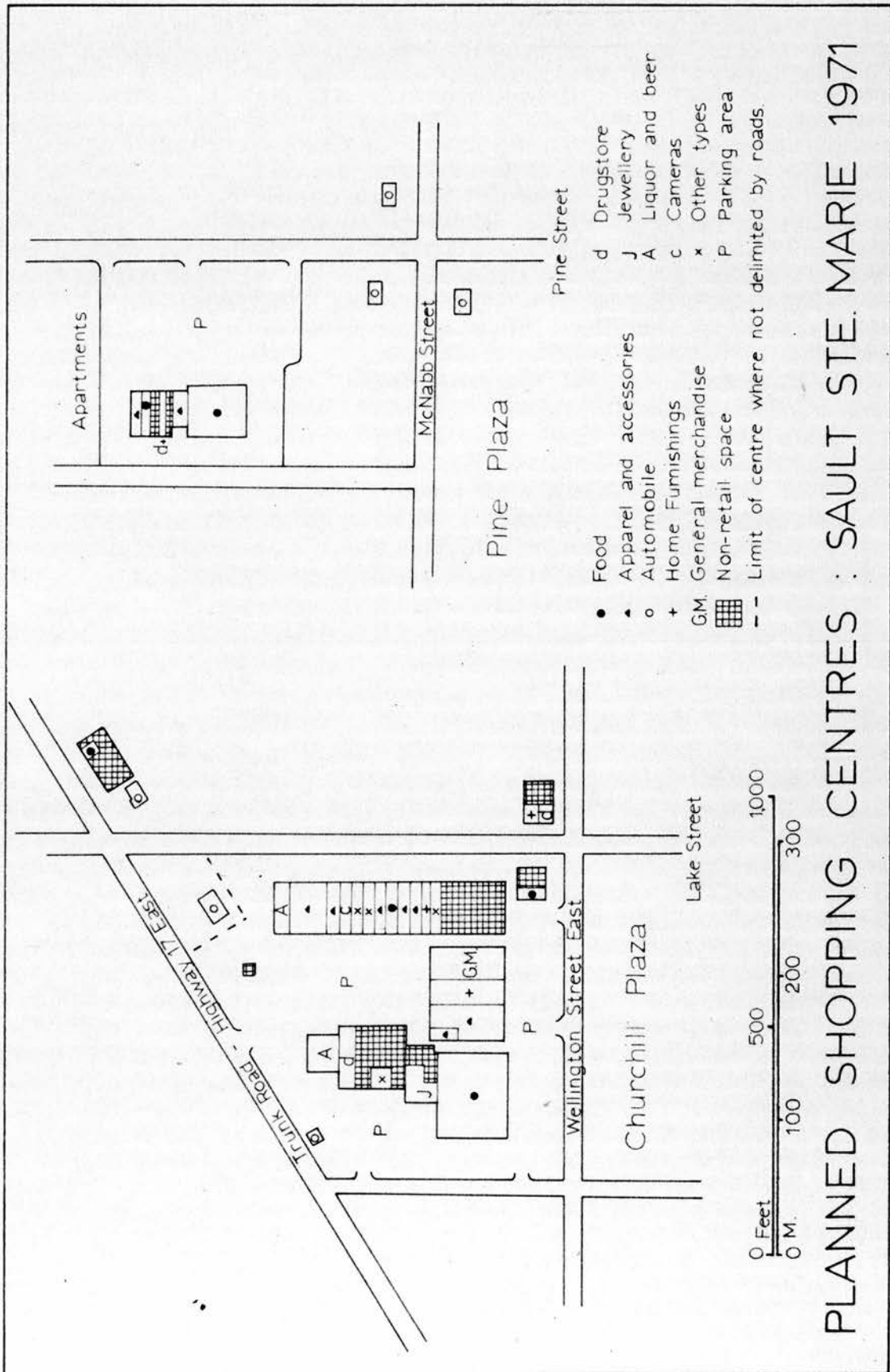


Figure 11:8

camera, toy and hobby, and dry goods stores and a gift boutique; these may represent an orientation towards higher socio-economic residents in the east as they are not usually represented in outlying centres. Service functions remain at a low level, however, including only two restaurants, a laundromat, beauty salon and barber, a bank and a branch library. This lack of specialised functions distinguishes the shopping centre from unplanned centres at a similar level in the retail hierarchy. Plates 11:8 and 11:9 illustrate the typical characteristics of such centres: unified, if not inspired design, compact grouping of stores and ample parking space.

Pine Plaza. This is a small neighbourhood centre established in 1963 (Figure 11:8, Plate 11:10). The principal advantage of its location is proximity to the large areas of post-1960 housing and especially to apartment blocks along Pine Street, though these were developed independently of the shopping centre. A supermarket and drugstore are the main convenience type stores, though there are also a ladies' wear store and a dry goods store. Services include a bank branch, a laundromat and a barber shop. With only 27,000 square feet of floor space, it is the smallest of the planned centres.

Discount Department Store Centres. Between 1963 and 1966, three planned centres whose core tenants are supermarkets and discount department stores were opened in Sault Ste. Marie. The characteristics of discount department stores have been fully discussed earlier in this study (Chapter IX) and need not be repeated here. The lack of any substantial number of other retail stores in these centres makes it difficult to place them within any hierarchy of centres.



Plate 11:8

Churchill Plaza

Large chain stores such as Woolworth's (variety), Walker's and Fairweather (apparel) are important tenants in this centre.



Plate 11:9

Churchill Plaza.

The Dominion Stores Ltd. supermarket is the largest tenant of the centre.



Plate 11:10

Pine Plaza.

This small neighbourhood centre is close to apartment districts.

Excluding the supermarket and discount department store, Market Mall has seven other retail functions, K-Mart Plaza two, and Sentry Plaza none (Figure 11:9). Service functions are similarly limited; only bank branches, laundromats and dry cleaners, and barbershops are represented (Plate 11:11, 11:12).

Summary. The preceding discussion of the planned centre leads to the following conclusions about its role in the retail system:-

1. By duplicating the retail functions of unplanned centres and even those of the city centre, the planned centre has caused a serious decline in the importance of older centres at all levels.
2. The planned centre is designed specifically as a retail location and carries only a minimum of service and office uses.
3. While planned centres display some degree of stratification similar to a hierarchical system, they cannot be reconciled with traditional central place structure. Though such centres are located in suburban areas, their trade area extends beyond the immediate neighbourhood to encompass a major part of the city, at least at the scale of the medium-sized city such as Sault Ste. Marie.
4. The growth of planned centres makes it extremely unlikely that centres similar to older unplanned centres will develop in the future.
5. As will be shown later in this chapter, the planned centres are eliminating many small scattered stores in residential areas or have prevented their inception.

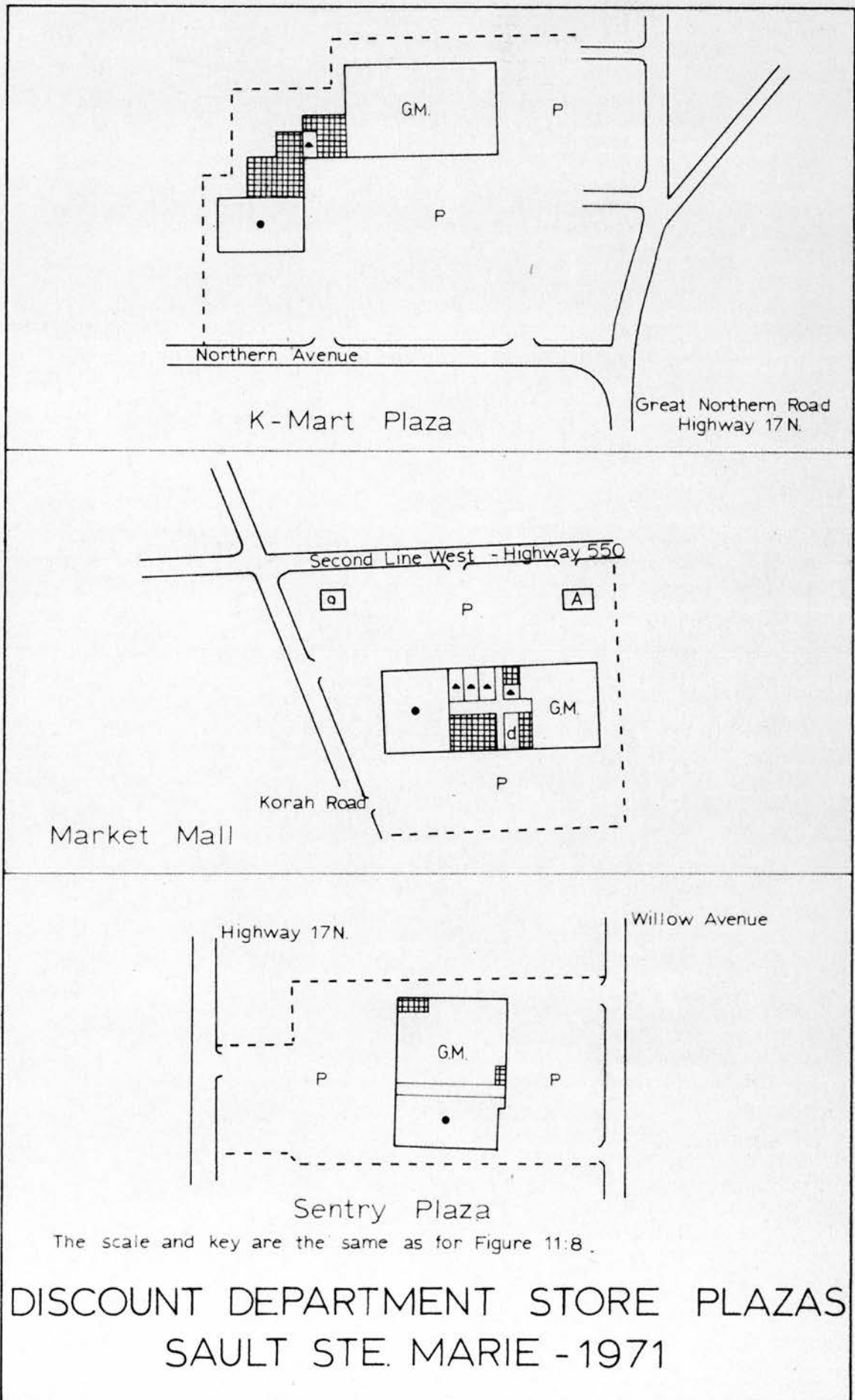


Figure 11:9



Plate 11:11
K-Mart Plaza.



Plate 11:12
Market Mall.

THE HIGHWAY RIBBONS

The rise of highway ribbons in Sault Ste. Marie has occurred mainly since 1961. Two major highways are involved; Highway 17 East leads east to Sudbury and Highway 17 North leads to Thunder Bay and points west (Figure 1:2). Neither highway showed much evidence of commercial development until after 1962 when traffic volumes began to increase.

Highway ribbons in a city the size of Sault Ste. Marie display a low level of specialisation. Berry recognises several types of arterial conformations including highway-oriented facilities that are: "... either located with respect to a set of demands occurring spatially as a flow along highways ... or they are business types which require large and expansive sites and ready access",¹⁶ and urban arterial districts and special functional areas such as automobile rows. In addition, though business centres are functionally different from highway ribbons, they may be spatially associated, as in the case of the planned shopping centres, when their locational requirements coincide.

As only two highways are involved in Sault Ste. Marie, highway uses will be described in general only; the separate types suggested by Berry as occurring in larger cities do not exist. Figure 11:10 shows Highways 17 North and 17 East at two points in time: 1961 and 1971. More development had taken place on Highway 17 East than on Highway 17 North in 1961 because the latter was not a through route. Between 1961 and 1971 on both ribbons, the number of businesses increased considerably and the commercial

16 Brian J.L. Berry, "Ribbon Developments in the Urban Business Pattern", Annals of the American Association of Geographers Vol. XLIX (1959), p.148.

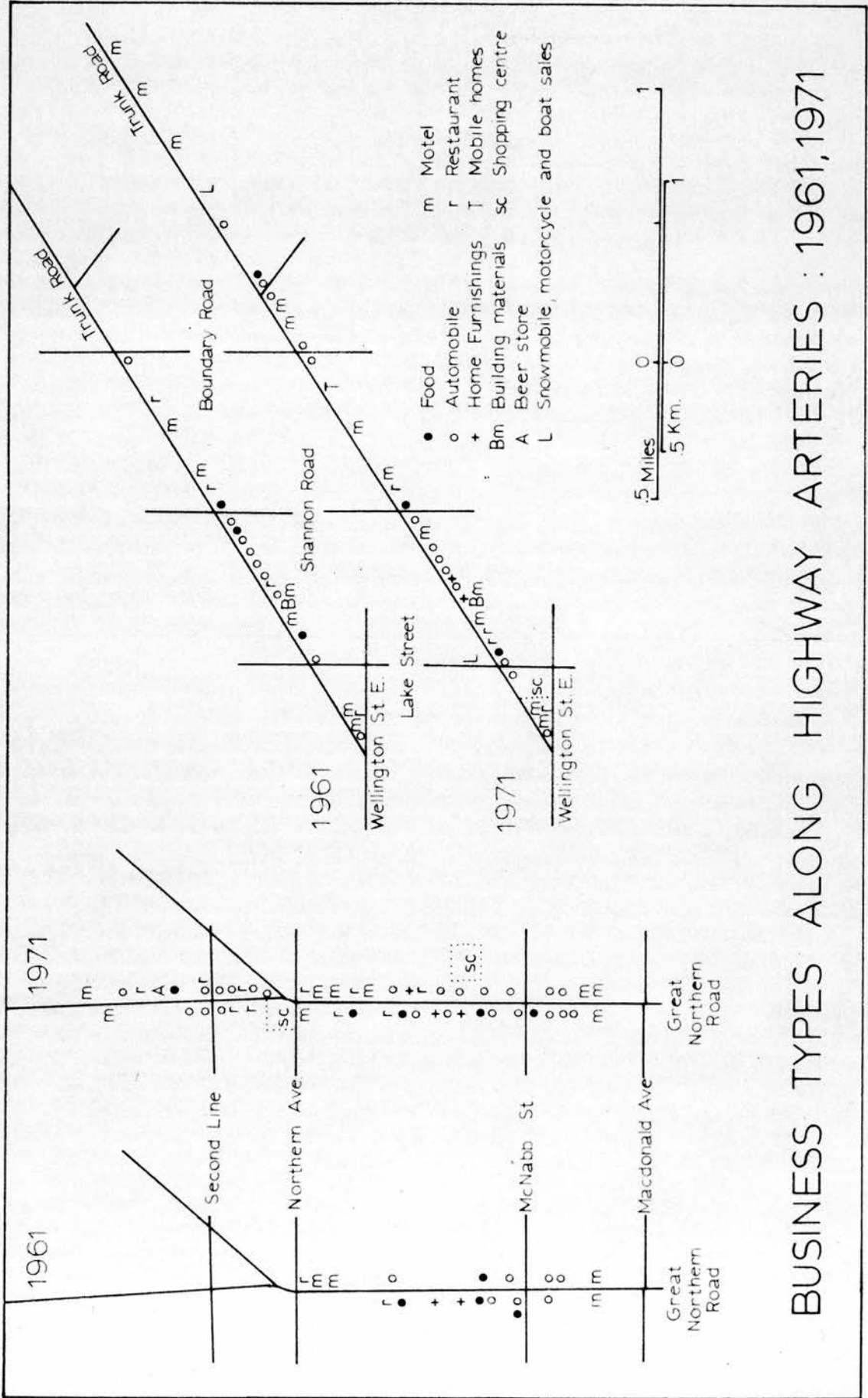


Figure 11.10

zone extended farther out from the city. Commercial development occurs on one side only of Highway 17 East because of the Canadian Pacific Railway tracks to the north of the highway. The characteristic retail uses along the highways include food outlets (confectionery, supermarket, farmer's market), automobile uses (service stations, automobile sales, car washes, snowmobile, boat and motorcycle sales) and home furnishings (hardware, furniture and paints). Further, three of the city's five shopping centres are located adjacent to these highways. Amongst the service facilities, the motels and restaurants are most important, though barber shops, beauty salons and laundromats also occur. The mix of retail and service functions indicates that elements of all three of Berry's conformations are present on these highways.

Highway-oriented facilities are represented by the service station, restaurant and motel, urban arterial by auto accessories and building materials and special functional by automobile sales. Hierarchic establishments present include grocery, hardware and furniture stores, together with service functions. In their study of commercial ribbons in Calgary, Boal and Johnson found a similar situation on the MacLeod Trail and showed that these functions served both passing (non-local) traffic and neighbourhood and city-wide traffic.¹⁷ Service stations, drive-in restaurants and motels are most clearly related to the need to tap passing traffic flows, while automobile sales and food and home furnishings stores display their needs for space and access to mobile consumers.

17 Boal and Johnson, pp.167-168.

The narrow range of functions along highway ribbons and the fact that they serve, in part, the demands on non-local passing traffic, makes it difficult to see highway ribbons as part of central place theory. Boal and Johnson conclude that because hierarchic functions occur along ribbons: "... the application of the central place concept to the commercial ribbon would seem to be quite legitimate but operationally complex".¹⁸ Berry, on the other hand, concludes that: "... central place theory, at least in its present form, is not adequate to explain stretches of highway-oriented or urban arterial businesses. Neither is it adequate to account for specialized functional areas, such as automobile row".¹⁹ The major distinguishing characteristic of the highway ribbon is clearly the fact that its establishments are mainly related to a city-wide market through automobile access.

In Sault Ste. Marie, no data exist to suggest the volume of sales accounted for by the highway ribbons. However, the number of service stations and automobile dealers along the two highways indicates that sales by these two businesses may account for one-third of service station sales and eighty per cent of automobile sales. Even if not expressed quantitatively, this share is of major proportions and the highway ribbon is an element of considerable and increasing importance in the retail and service pattern of the city.

THE SCATTERED BUSINESSES (NON-NUCLEATED)

Figure 11:11 illustrates the distribution of scattered retail outlets outside the conformations already considered. The majority of these types are either food stores (corner groceries or supermarkets) or service stations. As has been mentioned before, the former are

18 Ibid., p.169.

19 Berry, "Ribbon Developments in the Urban Business Pattern", p.154.

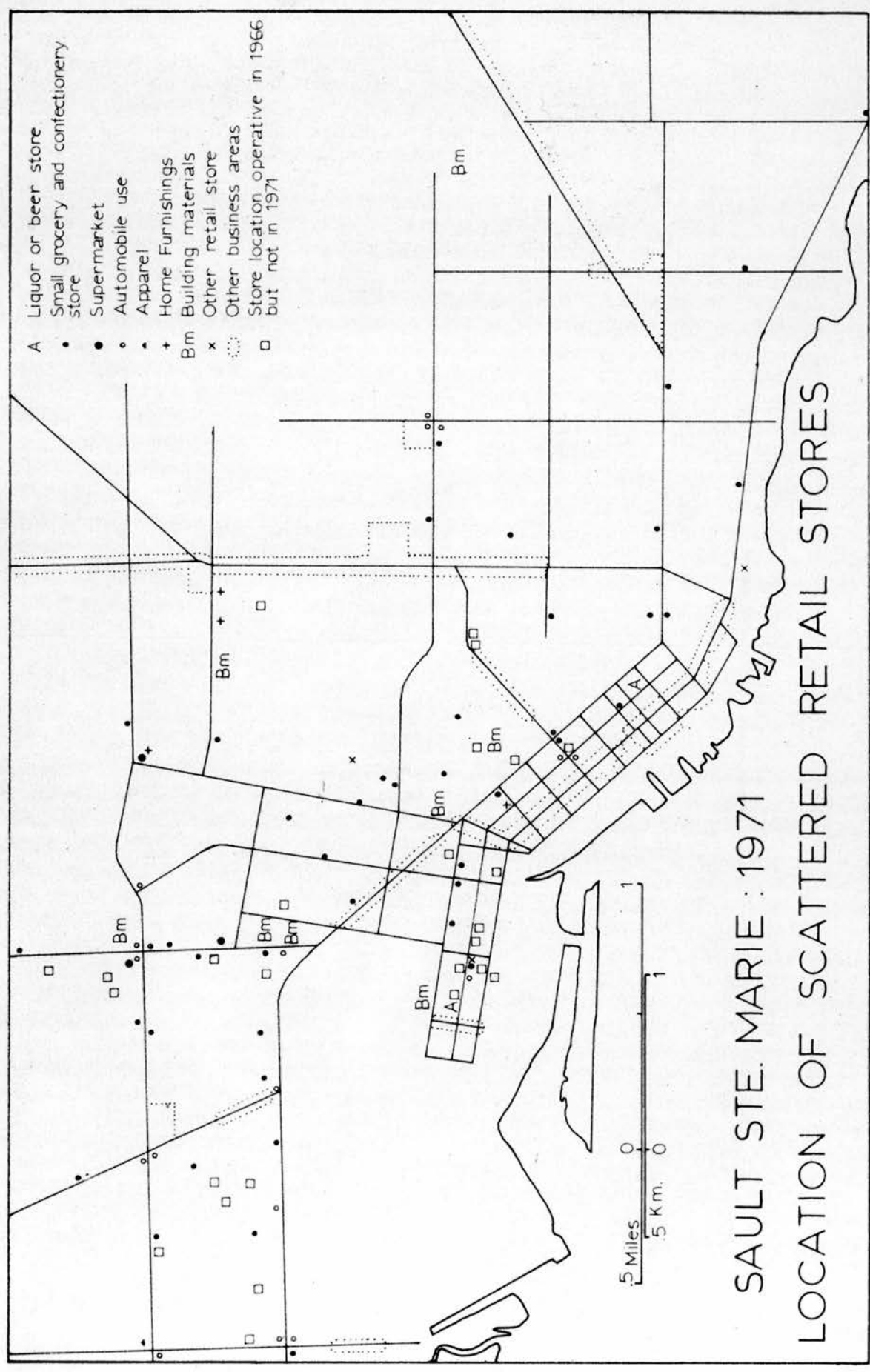


Figure 11:11

characteristic of the older residential areas to the west of the city and it is in these areas too that there has been the greatest disappearance of small food stores between 1966 and 1971. Only one other business type seeks a location outside nucleations - dealers in lumber and building materials. In certain cases, they are located convenient to rail lines for shipment of bulky materials (Chapter V). All, however, require considerable space for storage and as they are generative outlets, they can be situated in any of a number of locations where land costs are low. No significant number of stores, other than of these three types occurs outside the centres or ribbons.

No data exist for the volume of sales occurring in these locations. Table 10:4 shows the proportion of retail floor space and sales accounted for by the "rest of the city". This category includes the unplanned centres, the highway ribbons and scattered stores. These three groups account for approximately one-third of floor space and sales; the proportion for food and automobile uses is higher and this accords with the character of the highway ribbons and the scattered stores. Lumber dealers are excluded from these estimates as they were classified as service establishments in the 1966 Census. It is only in the areas of food sales and, to a lesser extent, of automotive sales (service stations) that the scattered stores make any notable contribution to city retailing. Given the continuance of trends already fully discussed in this study, it is unlikely that their share of retail trade will increase.

This chapter and the preceding have examined the conformation of business centres in Sault Ste. Marie; conclusions reached during the course of this discussion will not be summarised at this point to avoid repetition. However, these conclusions are included in the final chapter.

CHAPTER XII

RECAPITULATION AND CONCLUSIONS

No simplistic explanations suffice to account for changes in retail stores themselves and in their locations over a period of time and it is worth repeating Scott's statement, quoted in Chapter IV, that: "...retail patterns ... result from a complex interplay of economic, political, social and historical factors."¹ This study has attempted to consider the ways in which a number of internal and external factors have interacted over the period from 1901 to 1971 to create the elements of the present retail system in Sault Ste. Marie. Figure 4:1, p. 88, is an attempt to illustrate and clarify these interactions which will be synthesised in this concluding chapter.

For a study of this kind, Sault Ste. Marie possesses certain advantages. Being an isolated manufacturing city, it does not exist primarily as a central place and its hinterland contains relatively few people compared with the urban population. The effect of Sault Ste. Marie, Michigan, on retail patterns can be discounted for, as was shown in Chapter I, the city is isolated from Sault Ste. Marie, Ontario, by the international boundary. Further, the time period of this study includes virtually the entire urban history of the city; between 1901 and 1971, its population grew from 7,169 to 78,175. Yet this is not a study of the unique for Sault Ste. Marie shares with many Canadian cities a number of common characteristics. It has experienced rapid population and areal growth combined with declining population and commercial activity in the city centre; its population is youthful, prosperous and ethnically diverse. On the other hand, its site and situation, though similar to those of some other Canadian cities, cannot be duplicated exactly elsewhere. Its distinctive waterfront site has helped to create the linear city centre, the industrial concentrations in the west and the strong socio-economic and ethnic gradient between east and west.

The external factors which influence retailing - rising national incomes, technological change, urbanisation and public policy - have had their effect on Sault Ste. Marie as on other Canadian cities. These factors directly affect the number, sales size, type and organisation

1 Scott, p.16.

of retail stores; they also indirectly affect these characteristics by their impact on the utilisation of the local site and on the social characteristics of the consumer market. These effects were considered in Chapters IV to VII and it was shown that they had taken place at national as well as at local scales.

It was shown that retail sales grew rapidly between 1923 and 1971. As incomes rose, as population became more concentrated in urban areas and as the consumer's mobility grew, stores became increasingly able to employ technology in merchandising to achieve substantial economies of scale. For certain types of business, technological change has provided a means of minimising rising labour costs; while some outlets have been more successful than others, most have been able to increase their average sales size. However, the number of stores is less responsive to change than is sales size because technological changes have made it possible for the individual store to serve more customers than it could forty or fifty years ago. The number of stores is also affected by demand changes related to increasing incomes, in that certain business types have grown in number whereas others have decreased. New types of retail outlet have come into being as a result of new consumer demands and technological change; of these, the automobile outlet, the supermarket and the discount department store are the prime examples. The increasing scale of operation of the individual store and the continuing pressure to achieve further economies of scale, have affected the structure of retail firms in several ways. The rise of the multi-product firm, the predominance of the corporate chain in certain retail fields and the increasing emphasis on competition based upon non-spatial considerations, are logical outgrowths of the drive to achieve greater economies of scale. It was noted too that public policy can indirectly affect the structure of retailing by controlling the distribution and character of residential and commercial development. More directly, planning may seek to reverse the trend towards decentralisation of retail facilities by means of renewal programmes in or adjacent to the city centre, or by improvements in its vehicular or pedestrian circulation. In so doing, public policy may be working in opposition to current concepts of the historic and structural growth patterns of the city. Finally, though its effects are minor in comparison with the foregoing, the distribution of socio-economic and ethnic groups within the city, in response to the utilisation of the local site, will result in specialised demands in specific sectors of the city. The external factors, shown on Figure 4:1,

as they work to change the social characteristics of the consumer market as it has been created by the urban site, its land use and earlier patterns of development, cause a continuous process of change in the individual retail firm as it seeks to reach equilibrium with a set of constantly changing conditions. Such changes are not confined to the sample city of Sault Ste. Marie; numerous studies confirm that they have occurred throughout North America.

The sum of all the changes referred to in the preceding paragraph is reflected in the associations of retail stores and in the location of both individual stores and business centres. As was pointed out in Chapter VIII, the concepts of central place theory have been extended from the distribution and functions of service centres which they were formulated to explain, to the distribution of retail facilities alone on an intra-city basis. This has been particularly true of studies of retailing in large North American cities, Chicago being the prime example; little attention has been paid to intra-city retail patterns in smaller cities at the scale of Sault Ste. Marie where concepts of centrality may have less validity. Now the fact that theory provides an important departure point for any investigation cannot be denied nor can the contributions of theory be ignored. As Berry points out: "For a scientific understanding of the geography of retail and service business, it is necessary to predict these regularities from a theory. Ideally, a theory should embody a minimum of assumptions and postulates and produce the regularities as logical deductions."² Even though certain of the limiting assumptions of central place theory (notably that of a homogeneous distribution of purchasing power) have been relaxed, the remaining ones, which are implicit in any theoretical approach, result in an imperfect correspondence between the theoretical and real situations. Certain of these imperfections as they relate to the treatment of demand, production and the hierarchy of centres, have become apparent during the course of this study and will be discussed further at this point.

Consumer demand. The market area for a good is viewed as being dependent on the demand for it and on the cost of procuring the good by the consumer. The resulting demand cone defines the market area. The threshold demand for a good has been directly equated with population alone even though Christaller himself referred to the "price-willingness" of the consumer, which in turn is affected by income and other aspects of the consumer market. This study has shown that demand changes can result from population growth or decline, changes in population density

2 Berry, Geography of Market Centers and Retail Distribution, p.59.

and income, and ethnic and social preferences. These vary widely across a city; the basic contrast between the east and west of Sault Ste. Marie was referred to on several occasions.

The cost of procuring a good from a central place (and, therefore, the range of the good) is dependent on the level of accessibility of the centre; accessibility is often equated with distance as, in theory, central goods must be purchased from the nearest central place and consumer movement must be minimised. Even probabilistic models which involve the utility of shopping centre choices, equate utility with travel time and assume that the consumer acts as a rational economic man. However, the consumer has become more sophisticated as his income has risen, his awareness of consumer choices has grown and his personal mobility has increased; the expansion of suburban retailing has presented him with a larger set of shopping centre locations. The consumer's patronage of a specific store or centre may be influenced, therefore, by his image of it; his subjective evaluation may involve considerations of accessibility in the form of anticipated traffic congestion or ease of parking but is likely to include also assessments of the convenience and attractiveness of the store or centre as measured by its layout and decor and its operating policies. The behavioural model thus becomes highly complex, though not perhaps unmanageable, as Lynch has shown in his investigation of the environmental images held by urban dwellers.³

The Production Function. Christaller held that the perfect competitive solution is achieved when the market is served by the maximal number of businessmen or centres, each operating at the minimal scale without earning excess profits. The last requirement has been relaxed by subsequent writers.⁴ However, perfect competition does not exist on the supply side of retailing. If it did, the response to increases in demand would be an increase in the number of outlets; this study has shown the response to be primarily an increase in sales size. It is true, though, that outlets such as apparel, jewellery and drug stores, for whose products the total demand has grown only slowly, are operating at minimum sales levels. Nevertheless, the largest proportion of sales is accounted for by multi-product firms and their existence complicates the definitions of threshold and range. Product mix and pricing in individual establishments are affected by the type of organisation and the scale of operation of the individual firm. For example, the threshold for the corporate

3 Kevin Lynch, The Image of the City, (Cambridge, Massachusetts Institute of Technology Press, 1960).

4 Berry and Garrison, "A Note on Central Place Theory and the Range of a Good."

chain store is higher than for the independent store of the same type and so, too, must be its range; competition between firms may be limited by the adoption of franchise systems and thus, free entry of businesses restricted.

A Hierarchy of Centres. Christaller held that centres make up a hierarchy in which each higher order centre includes all the goods provided in lower order centres together with its own group of higher order functions. Market areas of lower order centres are therefore nested within those of higher order centres. Some dissatisfaction has been expressed regarding the applicability of this hierarchical structure to the distribution and nature of competing business centres within cities; this study of Sault Ste. Marie suggests the emergence of a new pattern of centres since 1961.

Prior to 1961, certain aspects of the hierarchical model suggested by central place theory were evident in Sault Ste. Marie and it is worth reviewing briefly the main characteristics of the evolution of business centres up to this point in time. In Chapters X and XI, it was shown that the sequence of establishment of business centres and of retail growth within centres, is analogous to wave motion and that this motion has taken place in sectors and has been responsive to population and income change. Within the central retail area, two core areas are evident; these were created by the linearity of the main shopping street and by the clustering of commercial activities in the early part of the century at two separate points on this street. Table 10:3, p.305, shows that a hierarchy of centres existed in Sault Ste. Marie in 1951; the central area, possessing the largest number of stores and of functional types, dominated the retail pattern of the city. The next largest centre, Steelton, possessed one-half of the functional types and one-quarter of the number of establishments. In 1951, the central area exercised its dominance because the city area was still relatively compact and the city centre's accessibility, based upon public transit, was still high in this period of limited personal mobility. Central locations were preferred for the majority of store types with the exception of food stores and service stations, though hardware and drug stores showed a slightly lesser preference for centrality than did the remaining store types. New retail types appearing in the city in response to consumer demand (for example, the automobile dealer) or to technological innovation (for example, the supermarket and household appliance dealer), chose a central location by virtue of its greater accessibility. The business centres of lower order provided a narrower range of goods and

services to more restricted market areas nested within the trade area of higher order centres. Apart from the fact that the hierarchy of centres was less well developed than it would have been in a larger urban area, the retail pattern in Sault Ste. Marie at that time conformed to central place theory.

Though the process did begin slightly earlier in Sault Ste. Marie, the decade since 1961 has been marked by a progressive decentralisation of retail facilities. Five conditions have been responsible for this: the decentralisation of population and the decline in population density close to the centre, the concentration of the most mobile and affluent consumers in the outer part of the urban area, the increase in personal mobility and the decline in public transit, the lack of a suitable environment in the city centre and, finally, the availability of land in suburban locations. Decentralisation of retail facilities has transformed the retail system. The central retail area is no longer the most uniquely accessible area; the urban arterial zones, planned shopping centres and free-standing units such as the supermarket and the discount department store, represent new concepts of accessible locations. Each indicates that location on main traffic arteries in peripheral areas does provide for access to a city-wide market, at least at the scale of Sault Ste. Marie. These retail zones compete directly with the central area rather than being confined to neighbourhood markets alone. New business types, such as the snowmobile dealer, the large supermarket, the discount department store and the warehouse outlet now choose sites in peripheral areas. Certain business types, traditionally associated with the central area, for example, furniture stores, are also gravitating to such sites. The higher cost of land in the city centre is also an effective instrument of change, acting as a deterrent to the location in the centre, of businesses requiring substantial floor area.

The central area, though still retaining retail primacy, has suffered a decline in the number of establishments and retail functions. This decline is now absolute, rather than merely relative. Retailing is being concentrated increasingly in the two traditional core areas and this concentration is being assisted by urban renewal and commercial development. It is notable that the Algoma Central Railway development, whose first phase will be completed in the autumn of 1973, replicates in many ways the suburban shopping centre; it is a mall development with 277,000 square feet of retail floor space and adequate on-site parking. Traffic congestion and restricted parking cannot be the only reasons for central area decline; improvements in traffic flow and the provision of

free parking have not yet restored the fortunes of the central area. A fundamental change has taken place in shopping habits and central stores must increasingly rely on the demands of downtown workers, residents and tourists and on their longevity of operation.

All other unplanned shopping areas have suffered even more than has the central area, lacking as they do its remaining advantages. Some centres have regressed to lower levels in the hierarchy and others have been virtually eliminated as centres.

The planned shopping centres are distinct from the unplanned ones in that they are designed specifically as retail units. As they are oriented to the motoring shopper, their design characteristics, space requirements and locational needs also differ. They show evidence of a hierarchical arrangement; though the discount department store plazas have been excluded from the hierarchy suggested in Table 10:2 on p.304, they are nearly equivalent to community-level centres on the basis of commodity mix and floor space (Table 11:2, p.355).

The overall effects of decentralisation of retail facilities at the level of Sault Ste. Marie has been to create fewer hierarchical levels though there are more individual centres. As all older centres suffer retraction and some regress to the level of individual stores, retail facilities become concentrated in centres of more nearly equivalent status, differentiated from their competitors in non-spatial terms: for example, the central area is concentrating more on specialised goods, the discount department store on mass-appeal merchandise and the urban-arterial zone on automotive products and services. Instead of nested trade areas, city-wide market areas for the central area, the planned shopping centres (and, to a lesser degree, the strongest of the older unplanned centres) and the urban arterial zones become more typical.

The Arrangement of Retail Types within Centres. Central place theory sheds little light on the arrangement of store types within centres; factors such as rent may apply. While the lack of data on rents and land values has made it impossible to consider in any detail the role of rent in structuring the arrangement of businesses in Sault Ste. Marie, there are some indications of its effects. As indicated earlier in this chapter, higher land values in the city centre may help to account for the location in non-central sites, of business types requiring much floor space, for example, the supermarket, discount department store and building material and automobile dealer. Though not strongly developed, there is some concentration of higher order activities close to the two core areas on Queen Street. In general, however, there is no marked segregation of uses in the central area of Sault Ste. Marie; rent may

play a lesser role in the structure of business centres in smaller cities. The large amount of vacant floor space and the fact that retail premises have lain vacant for as long as six years and have subsequently been occupied by non-retail uses, suggests that there is not a marked degree of competition for retail floor space in the city centre. Given the continuance of present trends, there is no reason to anticipate a reversal of this situation. Within planned shopping centres, rent has been shown not to be a factor as non-spatial considerations structure the rent levels. In addition to rent, external economies of scale derived from association with complementary activities are of some importance, though again this is not strongly marked in Sault Ste. Marie.

Conclusion. It must be stressed that the foregoing conclusions regarding retail location patterns and trends and hierarchical structure are derived primarily from the study of a single Canadian city. They may point the way to a theoretical system applicable only to the smaller North American city and subsequent study will be required to confirm or deny this view. On the other hand, it is likely that features discovered in Sault Ste. Marie may indicate that theoretical notions of urban retail patterns need to be modified for all cities regardless of size. There is at least tacit admission in retailing literature that this is so. Leigh comments that: "... in the contemporary city, the C.B.D. market place has lost its accessibility monopoly ... the C.B.D. "market place" has been replaced by an inner city "market area" within which are several locations equally accessible to customers in non-contiguous residential districts."⁵ Berry too admits that:

Modern transportation and rising real incomes have removed the tyranny of distance ... Shopping centers no longer dominate an immediate, exclusive market area and consumers at some time visit all of them ... the result of widening living spaces is to increase the locational specialization of individual functional areas and ribbons, and introduce specialization among shopping centers of the same level of the hierarchy.⁶

Given the fact that the increase in personal income, the trend towards motorised shopping, the growth of new types of retail outlets and centres and an increasing emphasis on a greater scale of operation are national in scope, there is little reason to assume that retail patterns in Sault Ste. Marie represent a unique response to changing conditions. Consequently, the retail patterns discussed in this study should be capable of a more universal application.

⁵ Leigh, p.111-112.

⁶ Berry, Geography of Market Centers and Retail Distribution, p.124.

APPENDIX 1

KIND-OF-BUSINESS DESCRIPTIONS

The list which follows describes the composition and characteristics of the major types of retail business which have been included in this study. This list is based on the 1966 Census of Merchandising and Service Establishments trade classifications (Census of Canada, 1966, Retail Trade Vol. 6-1, Section 2, pp.11-29).

FOOD GROUPBakery Products Stores

Includes stores operated in association with the manufacture of baked goods.

Groceries, Confectionery and Sundries Stores

Stores selling a miscellaneous line of items including a general line of groceries, candy, confectionery, soft drinks, newspapers, tobacco, school supplies and small amounts of proprietary drugs.

Grocery Stores (without fresh meat)

Grocery items exceed 60 per cent of the total trade but fresh meat constitutes less than 15 per cent of the total trade.

Combination Stores (grocery stores, with fresh meat)

Stores selling groceries, bakery products, fruit and vegetables, canned goods, dairy products, frozen food, eggs and meat and non-food items such as toiletries, candy, confectionery and housewares. Meat accounts for over 15 per cent but under 50 per cent of the total trade. All supermarkets are included in this group.

Meat Markets

Over 50 per cent of the total trade is in meats with fresh meat predominant over cured meats, poultry and dairy products.

GENERAL MERCHANDISE GROUPDepartment Stores

A retail outlet defined as a department store must sell family clothing and apparel (at least 20 per cent of total sales), furniture, appliances and home furnishings (minimum of four specified commodity lines, including furniture, accounting for at least 10 per cent of sales) and all other goods (minimum of three commodity lines accounting for at least 10 per cent of sales).

General Merchandise Stores

Establishments primarily engaged in selling piece goods and/or a combination of clothing, housewares, home furnishings and other lines in limited amounts. Food items may not exceed one-third of total sales. This category includes mail order offices whether or not operated by department stores.

General Stores

These stores are usually located in rural communities and sell dry goods, apparel and subsidiary lines such as hardware and appliances. Groceries must amount to 33 per cent of total sales, but not above 67 per cent.

Variety Stores

These are known popularly as 5-cent-to-a-dollar stores and carry a variety of general merchandise in low and popular price ranges. They are distinguished from department stores by the lack of furniture and heavy appliance sales and from other stores in the group by the absence of grocery items. No one line of merchandise may exceed 50 per cent of total trade.

AUTOMOTIVE GROUPMotor Vehicle DealersUsed Car DealersHome and Auto Accessories Stores

Stores carrying a variety of merchandise including automotive parts, accessories, tyres, batteries and radios plus household appliances, television sets, sporting goods, toys, housewares and hardware.

Service StationsAPPAREL AND ACCESSORIES GROUPMen's and Boys' Clothing Stores

Accessories such as hats, shoes, underwear and shirts may be carried but may not exceed 50 per cent of total trade.

Women's and Misses' Ready-to-Wear Stores

The basis of classification is similar to that for men's and boys' clothing stores.

Millinery Stores

Stores specialising in the sale of women's ready-to-wear or custom-made hats.

Furriers

Stores selling ready-made and custom-made fur coats and other fur apparel. Repairing, remodelling and storing of furs may be included as part of their business providing such activities do not account for 50 per cent or more of total trade.

Children's and Infants' Wear Stores

Children's and infants' wear must account for at least 50 per cent of total trade.

Family Clothing and Furnishings Stores

Stores selling men's and boys', women's and misses', children's and infants' clothing, the sales of which must constitute 50 per cent of total trade. The store may carry piece goods, notions (sewing supplies), shoes and house furnishings.

Family Shoe Stores

These stores may carry leather goods, hosiery, gloves and accessories in addition to shoes but shoe sales must account for at least 50 per cent of sales.

Piece Goods Stores

Stores selling mainly textile material (dry goods) intended for making apparel. Fabrics intended for curtains and draperies must account for under 50 per cent of total trade.

HARDWARE AND HOME FURNISHINGS GROUPHardware Stores

Stores selling mainly typical hardware items and usually paints, household and electrical appliances and kitchenware as well.

Paint, Glass and Wallpaper StoresFurniture Stores

Though appliances, china, pictures and home furnishings may be sold, furniture must account for at least 50 per cent of sales.

Household Appliance Stores

Though furniture may be sold, household appliances must account for at least 50 per cent of sales. Household appliances would include refrigerators, stoves, washing machines and small appliances.

Furniture, Television and Appliance Stores

Such stores must sell all three lines but no one line must exceed 50 per cent of total trade.

Television, Radio and Hi-fi Stores

These stores may carry music and records but the main lines must constitute 50 per cent of sales.

Floor Coverings, Curtains, Upholstery and Interior Decoration Stores

Stores selling any of the following lines: rugs, carpets, linoleums, curtains, draperies and mattresses.

OTHER RETAIL STORES GROUPDrug Stores

Stores selling prescription drugs, patent medicines, cosmetics and toilet articles, tobacco, books, magazines and novelties.

Jewellery Stores

Stores selling primarily jewellery, silverware, clocks and watches with additional items such as leather goods, china, glass and novelties.

Sporting Goods StoresBoats, Outboard Motors, Boating AccessoriesMotorcycle DealersTobacco Stores

Sales of tobacco, newspapers and magazines must account for at least 50 per cent of sales with tobacco constituting the larger part.

Books and Stationery StoresFloristsCamera and Photographic Supply Stores

Sales of cameras and photographic supplies must exceed 50 per cent of sales.

APPENDIX 2

CHANGES IN RETAIL CLASSIFICATION 1930 - 1966

Only minor changes in classification took place in the definitions of retail businesses between 1930 and 1951 but major changes made in 1958 to the Standard Industrial Classification affected statistics for the 1961 and subsequent censuses. These changes are as follows:-

1. Restaurants, fish and chip shops, caterers, nightclubs, cocktail lounges, taverns and dressmakers - from retail to service.
2. Lumber and building material dealers, farm implement dealers, feed stores, farm supply stores and harness shops - from retail to wholesale.
3. Automotive repair shops (several kinds), radio and television repair shops, jewellery repair and engraving, and bicycle repair - from service to retail.

The effect of these changes was to under-estimate 1961 retail sales in relation to those of previous censuses. According to the Dominion Bureau of Statistics, Retail Trade 1930 - 1961 (Revisions to 1951 - 1961 Intercensal Estimates) Cat. No. 63-505, the 1961 Census value for retail trade in Canada of \$16,072,950,000 should be revised to \$17,752,349,000 to achieve comparability with the value for the 1951 and preceding Censuses. Because of the impossibility of reconciling 1961 and subsequent census data for Sault Ste. Marie and the Ontario city group, census values for sales have been used throughout. Total sales for 1961 and subsequent years will, therefore, be understated by approximately ten per cent in comparison with previous years.

Sales figures for the individual businesses discussed in this study are unaffected.

Certain changes have also occurred in the classification of specific business types:-

1. In 1951 and preceding censuses, all bakeries classified as manufacturing bakeries were omitted from retail statistics. After 1961, all recognised bakeries, even those in which manufacturing activities predominated, were included.

2. For the 1966 Census, catalogue sales data, formerly included in department store data, were allocated to the "General Merchandise Store" classification.

3. For the 1966 Census, a new classification "Grocery, Confectionery and Sundries" was added. Many of these stores were previously classified as confectionery stores. This change will not affect the comparability of statistics in this study as "confectionery", "grocery, confectionery and sundries" and "grocery, without fresh meat" stores have been combined in most tables under the heading "small grocery".

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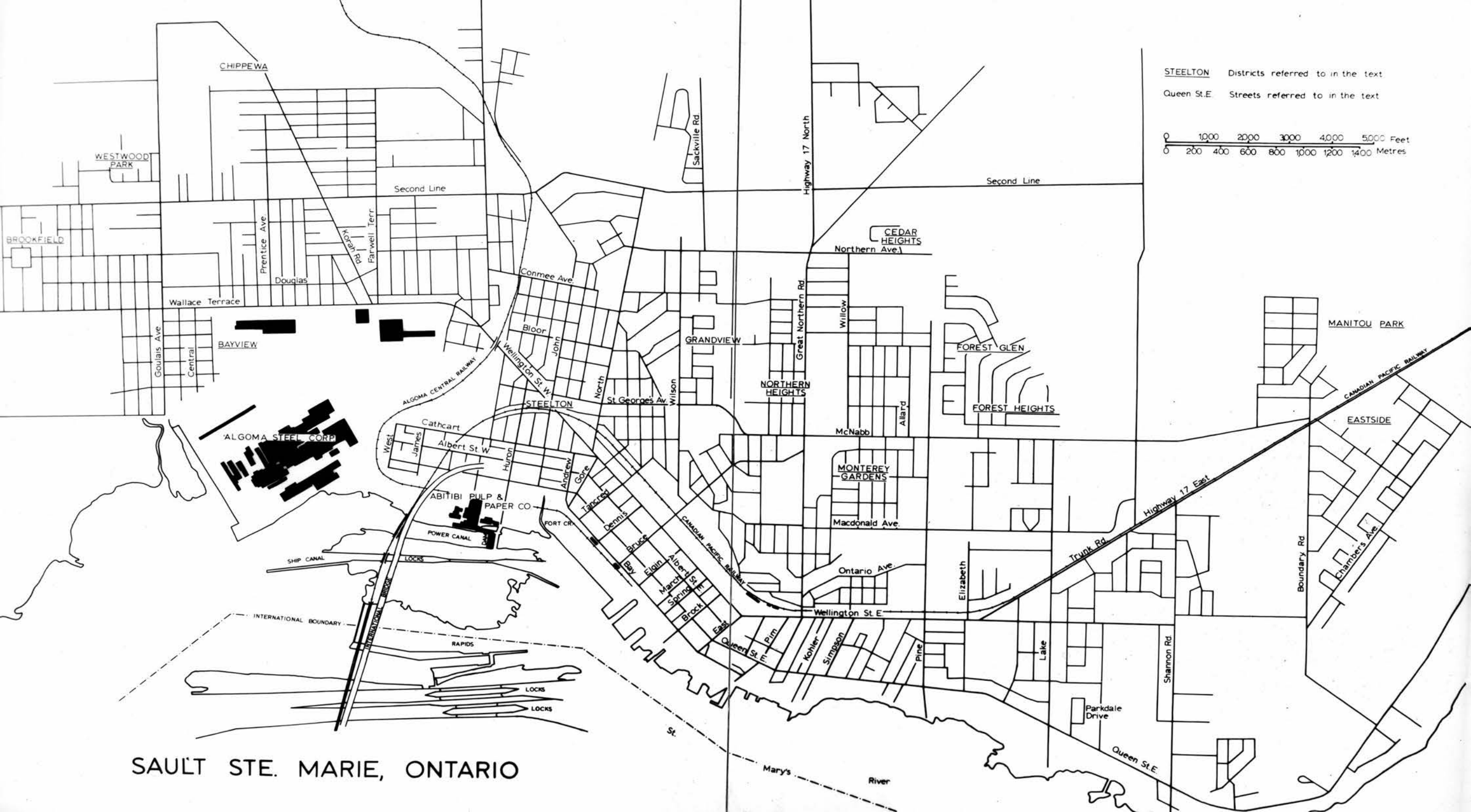
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STEELTON Districts referred to in the text
Queen St.E Streets referred to in the text

0 1000 2000 3000 4000 5000 Feet
0 200 400 600 800 1000 1200 1400 Metres

SAULT STE. MARIE, ONTARIO